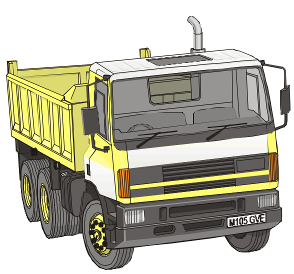
FOOD RESOURCES MANUAL

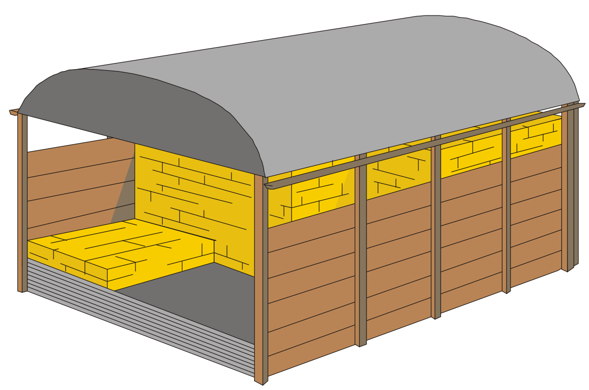
(or how you can learn to count and keep track of millions of bags of food)

by

Food Security Unit

CARE USA





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Bureau for Humanitarian Response, Agency for International Development

August 1998

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FIFTY CARE YEARS

ALMIS #4551

Date: September 20, 1995
To: ALL CARE USA Country Offices
CI Member Countries Using U.S. Government Food Resources
From: Marc Lindenberg
Subject: Food Resources Manual

This Almis publishes CARE USA's minimum standards and guidance on managing and accounting for food resources. The manual was prepared by the Food Security Unit and is applicable to all countries that utilize food resources in their programs. It fills an important gap in our efforts to efficiently manage hundreds of millions of dollars of resources that have been entrusted to us by donors. Until now, country offices have developed their own systems and procedures. While systems have served individual program interests and have been effective, in most cases, it has also become clear to me that organization-wide standards are necessary, and I expect there to be compliance. Internal auditors will use this manual when conducting food audits.

Each country office is receiving one manual for the country office and additional manuals for regional or other sub-offices. If the number is not sufficient please arrange to make photocopies.

While the manual is effective the date of this Almis, I am requesting country offices to submit comments or suggestions for changes to the manual by December 31, 1995 to the Food Security Unit. They will revise the manual, if necessary, between January 1 and March 31, 1996, and during the last quarter of FY 96 arrange to have the manual translated into French, Spanish and Portuguese.

This manual has been developed through the efforts of many people in and outside of CARE. Now that we have a basic set of minimum standards, it is my belief that we can even more effectively program these resources.

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FIFTY CARE YEARS

ALMIS #4600

Date: November 30, 1995
To: All CARE USA Country Offices
CI Member Countries Using U.S. Government Food Resources
From: Marc Lindenberg
Subject: Food Resources Manual - Submission of Reports

On September 20, 1995 Almis #4551 published the CARE USA Food Resources Manual. The manual sets forth CARE - wide minimum standards and guidance on managing and accounting for food resources.

The manual requires the following quarterly reports to be submitted to regional managers and the Food Security Unit in Atlanta, C.I. members who program U.S. food resources, and donors no later than forty-five (45) days after the end of a quarter:

Commodity Status Report	Reference Chapter 10
Receipts Report	Reference Chapter 10
Consolidated Quarterly Report	Reference Chapter 10
Loss Report	Reference Chapter 8
Recipient Status Report	Reference Chapter 11

The quarterly reports are consolidations of required monthly reports on commodity receipts and dispatches and distributions to beneficiaries. Preparation of quarterly reports, therefore, should be straightforward.

In the past, reports similar to these were required only for country offices programming United States PL 480 Title II food resources. CARE's policy now is to have all offices using food resources from any source to prepare the above reports. As part of our effort to manage, more efficiently, the millions of dollars of food resources entrusted to us by donors, we must make sure that reports on these resources are complete, up-to-date and submitted on a timely basis to headquarters, other C.I. members, and donors.

If you have any questions about the reports, please contact the Food Security Unit in Atlanta.

Thank you.

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Note: Table of Contents added to electronic version by
USAID Development Experience Clearinghouse

ACKNOWLEDGEMENTS

Developing this manual has been a major effort requiring the support from many people in and outside CARE who often gave willingly of their time. As Coordinator for this project, I wish that I could list out the names of all those who have assisted. The list is just too long to include. The following persons, however, must be acknowledged for their very special contributions.

First, thanks go to country directors, assistant country directors and the food and logistics staff of CARE Guatemala, CARE Peru, CARE Ethiopia, CARE Kenya, CARE Tanzania (Ngara Refugee Camp) and CARE India for the invaluable information they provided on managing and tracking food assets, and their insights into areas that needed coverage in the manual.

Thanks must also go to Ram Bhargava, formerly of CARE India and now with CARE CIS for developing the first draft. His work laid the foundation for this effort.

Very special thanks go to Carol Chang, formerly with CARE in New York and CARE Haiti, and Brian Larson, now in CARE Niger. Brian and Carol visited countries, researched information, met with donors and other PVOs, and shared the primary writing responsibilities for all the chapters in the manual. Without them, this manual would not have happened. Throughout they never lost their sense of humor. Perhaps, it is the nature of the subject matter.

Thanks to Harlan Hale of the Emergency Group, Jon Solomon, now in CARE Sierra Leone, Leslie Shad in Legal, and Nick Marudas of Internal Audit for their assistance on issues related to emergencies, legal and audits.

Thanks are also due to Virginia Ross for preliminary editing, Sharon Bell who contributed to the manuals content, editing and layout, and William Graham and Diane Davis of the FSU for the final layout.

Finally, thanks must go to Curt Schaeffer, the Food Security Unit’s fearless leader, who was always there when we needed him.

Bob Bell
Coordinator for the Manual and
Deputy Director,
Food Security Unit

INTRODUCTION

CARE programs hundreds of thousands of tons of "food aid" annually to support development and emergency programs in Africa, Asia (includes CIS) and Latin America. Food is donated by the United States Government, the European Union, Australia, Canada, Great Britain, the World Food Program and others, and CARE staff have extensive experience managing food resources in both stable and very unstable operating environments.

Country offices have developed their own manuals to manage and account for food resources, and CARE, through the years, has earned a well deserved reputation to move and track food.

The purpose of this manual is to set CARE-wide minimum standards and guidance to assure that the maximum amount of food reaches intended beneficiaries and to minimize the risk of loss or misuse. The standards and guidance apply to all CARE USA country offices that use food from any donor in development, rehabilitation and emergency programs, and to other CARE International (CI) members who program U.S. Government donated food resources. For purposes of managing and accounting for food, no distinction is made between emergency and development programs except where specifically mentioned.

The manual is not intended to replace existing country office policies and systems that have been established to account for food. Country offices, however, must compare their commodity management systems against the minimum standards and guidance (includes documentation and reporting formats) in this manual and make necessary adjustments to assure compliance.

The standards and guidance complement the Finance Department's ***Almis #4496 - Commodity Accounting Manual*** June 1995, the Program Division's ***Management Assessment for Country Offices (MAC0)*** and the Emergency Group's ***Emergency Policy and Procedures Manual***. The Internal Audit Department will also use the ***Food Resources Manual*** to determine if country offices are in compliance with CARE standards.

CARE looks forward to sharing the materials and information with colleague organizations and donors, and hopes that they will be an important resource for them.

In the manual, emphasis is given to:

- ✓ **Establishing internal controls and executing written agreements and contracts with donors, CI members, counterparts and contractors for service**

- ✓ **Communicating with CARE USA, other CI members and donors, on a regular and timely basis, where there are known or suspected losses of food**

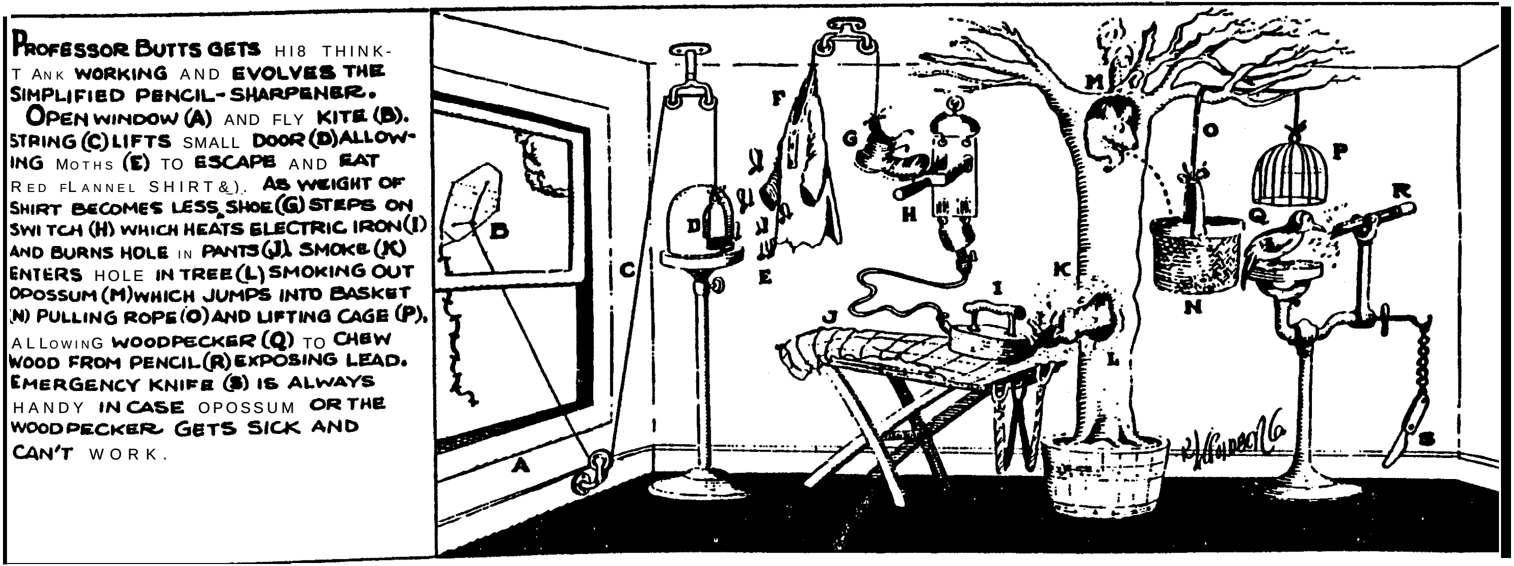
- ✓ **Requiring program managers to complete the contract checklists that are currently applicable to dollar funded projects**

- ✓ **Completing fully and keeping up-to-date all necessary documentation to account for food - waybills, Loss and Adjustment Reports, physical inventory counts and inventory ledgers, distribution site reports, and Commodity and Recipient Status Reports**

- ✓ **Carrying out regular physical inventories and reconciling physical counts with documentation.**

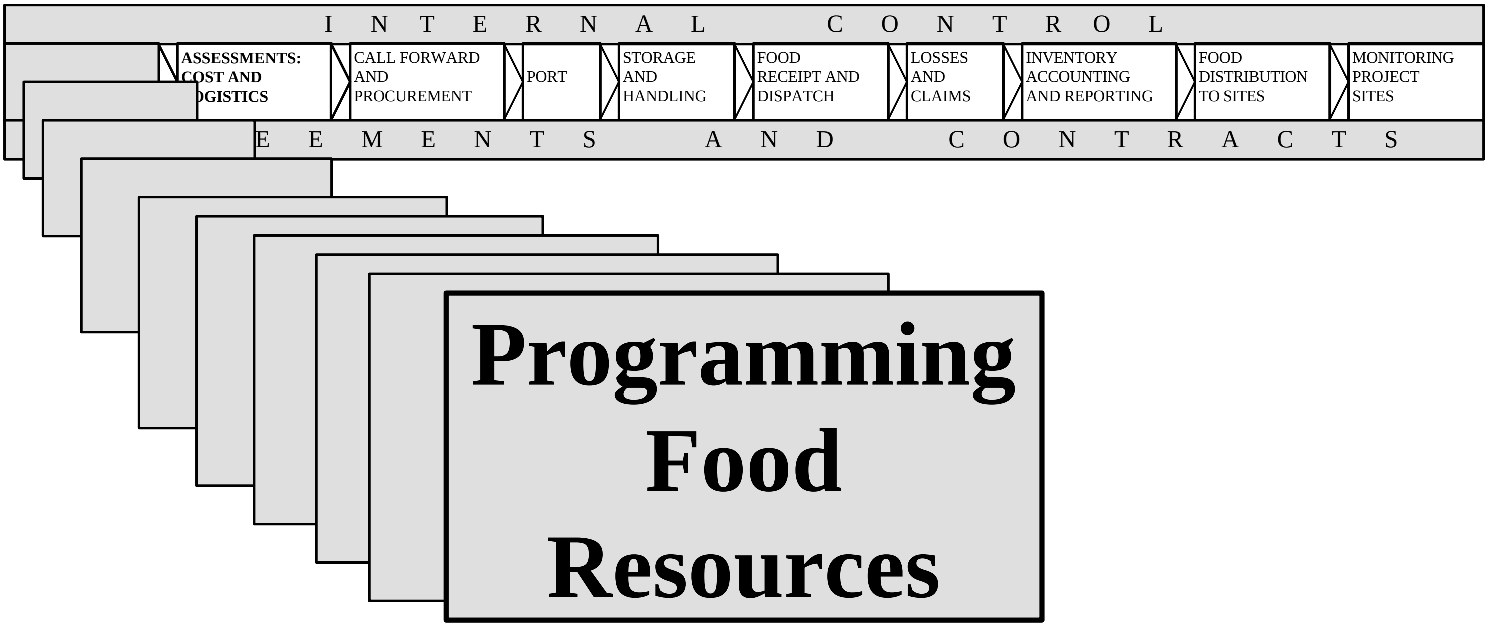
The manual does not provide an inventory software program for tracking the receipt, storage and distribution of food as the Finance Division is currently developing a program.

A diskette comes with this manual with copies of the basic documentation and reporting formats. The Finance Division is now developing a new financial software program that will allow country offices to include food inventories on balance sheets. Future tracking of inventories should be consistent with Finance's program.



(Rube Goldberg cartoon from Rube Goldberg vs. the Machine Age, *ed. Clark Kinnaird,* New *York: Hastings House, 1968, p. 18.)*

DOES IT HAVE TO BE THIS COMPLICATED?



Programming Food Resources

Chapter 1

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*The graphics for Chapter headings are adapted from FAM's Commodity Management Model. *Food Forum*, Issue 16. February 1993.

I. Hunger, Poverty, and Food Security*

Approximately 800 million people in the world today do not have access to sufficient food to meet the needs for a healthy and productive life, according to FAO estimates. They are food-insecure. They often go hungry and are not sure when they will have their next meal. Between 10 and 12 million preschool children died last year from hunger and diseases related to malnutrition. Although there is enough food in the world today to feed everyone if it were distributed evenly, 25 developing countries (including about half of the African nations) could not insure sufficient calories per capita even if all food available nationally were redistributed. Even in areas where there is food available in the aggregate, access to food by households and individuals is affected by poverty - the poor often lack adequate resources to secure consistent and reliable access to food. (1994 World Food Day Report. The President's Report to the US Congress, October 16, 1995)

Large-scale poverty persists in the world today because of a number of interrelated economic, political, social, and environmental changes taking place globally and within developing countries. Economic crises experienced in the last two decades have forced many developing countries to cut back social services which provide safety nets for their poor populations. Jobs have not been created as fast as the population has grown, and there are greater inequities in the distribution of income, resources, and opportunities. Political changes in the 1980s and 1990s resulted in instability and military insecurity, contributing to increased global poverty. Political and natural emergencies are on the rise, such that 59 million people have been directly affected. In addition, population growth rates have outstripped the environmental carrying capacity in most parts of the world, leading to tremendous environmental degradation. This is manifested in the destruction of tropical forests, the loss of biodiversity, and water and air pollution. Finally, the HIV/AIDS pandemic has reached crisis proportions. By the year 2000, 90% of the infections (estimated to be over 90 million cases) will occur in the developing world.

Poor people's basic livelihoods are being threatened the world over. In 1992, 1.3 billion people (more than 20% of the world's population) lived in absolute poverty and were not able to meet their basic needs for food, clean water, shelter, education, and basic health care. Nearly two-thirds of these people live in South Asia or Africa. By the year 2010 these numbers could reach 1.8 billion.

A. Food Security

To address the problem of food security, policymakers and project planners have continually looked for ways to get at the root causes of poverty and world hunger, and permit households to have "access. . .at all times to sufficient food and nutrition for a healthy and productive life" (US Agriculture Trade and Development Act, 1990).

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* This Chapter introduces food and logistics managers to basic information on hunger, food insecurity, and household coping strategies, and the role that food plays in programming.

Factors that Influence Household Food Security

Factor	Variable
Food consumption	• Number of people in household • Age, sex, working status of individuals • Health status of individuals • Childbearing status (pregnant, lactating)
Food production	• Access to land • Access to technology • Access to investment capital • Education of the farmer • Government policies (tariffs, price controls, export taxes, input subsidies)
Price of food	• Quantity produced • Costs of marketing • Size of population • Income of population • Government policies (tariffs, price controls, export taxes, input subsidies)
Income and assets	• Education of members of households • Capital position of household • Land position • Employment opportunities • Transportation costs to and from work • Health

B. Coping Strategies

Food security is not static. The key to sustained food security is a household's adaptability to change and resiliency to bounce back from shocks that affect household members' abilities to earn income to produce or purchase sufficient food to meet household needs.

Types of Coping Strategies

Category	**Strategy**
Adaptations	• Crop and livestock adjustments • Diet changes • Increased consumption of wild foods • Grain loans from family • Labor sales (migration)
Liquidation of assets	• Sale of animals • Cash/cereal loans from merchants • Productive asset sales • Farm land pledging • Farm land sale
General out-migration	• To urban centers (temporary and permanent) • To other countries

II. INTERVENTIONS

Food security can be seen as a subset of a broader household livelihood security strategy which is designed to meet basic needs, including food, potable water, health, education, housing, participation in community activities, and leisure time.

As a programming strategy, food security should be considered an organizing principle or integrating framework that can be used across the continuum of emergency, relief and rehabilitation, and sustainable development. The framework emphasizes the development of strong sector-specific programs with synergistic linkages, such as health, agriculture and natural resources, income generation and small enterprise development, education, and reproductive health and family planning. The advantages of using a common framework are that intervention priorities can be established cross-sectorally, depending upon the major constraints facing households, and sector-specific programs can be targeted to the same regions to obtain a multiplier effect on the beneficiary population.

A. Livelihood Promotion, Protection, and Provisioning

To enhance the livelihood security of vulnerable populations at different levels, a three-pronged approach can be used. This livelihood systems approach is based on the idea that relief, rehabilitation/mitigation and development interventions are a continuum of related activities, not separate and discrete initiatives. Household food, nutrition, and income security can be enhanced by one or a combination of the following three intervention strategies:

1. Livelihood Promotion

Purpose: To improve the resilience of households to meet food and other basic needs on a sustainable basis (development)

Explanation: Activities often aim to reduce the structural vulnerability of livelihood systems by focusing on:

- Improving production to stabilize yields through diversification into agro-ecologically appropriate crops, and through soil and water conservation measures
- Creating alternative income generating activities and credit programs
- Reinforcing coping strategies that are economically and environmentally sustainable (e.g., seasonal off-farm employment)
- Improving on-farm storage capacity to increase the availability of buffer stocks
- Improving common property management through community participation
- Improving health and sanitation conditions
- Increasing education in the areas of reproductive health and family planning.

2. Livelihood Protection

Purpose: To protect households from losing their productive assets or to assist in getting them back (rehabilitation/mitigation)

Explanation: Interventions entail timely food and income transfers that can reduce long-term vulnerabilities resulting from the forced selling of productive assets to meet immediate food and other needs. The negative impacts of livelihood insecurity can be reduced by:

- Timely detection of where livelihood and food insecurity are likely to occur
- Establishing contingency plans that can be implemented in a timely fashion before a significant erosion of household assets occurs and other erosive coping strategies are activated.

Examples of interventions include:

- Infrastructure improvements and repair
- Soil and water conservation
- Child survival and health interventions
- Distribution of seeds and tools
- Repair of water sites.

3. Livelihood Provisioning

Purpose: To provide food and meet other essential needs for households to maintain nutritional levels and save lives (relief)

Explanation: Interventions usually entail food and health care for people during an emergency (short term) or people who are chronically vulnerable (long term). Targeted food and health activities are critical and, whenever possible, food should be combined with promotion and/or protection interventions, to phase out any food transfers. In relief situations where people have been displaced from their homes (refugees and internally displaced populations who live in camps) interventions may include nutrition, health, HIV/AIDS, and family planning education programs. For chronically vulnerable populations, a community-based mother-child program (MCH) provides food for the most vulnerable families.

B. Policies and Procedures

1. When to Use Food Resources

In some natural disasters such as an earthquake or flooding, where food production and/or stocks may have been disrupted, resources may be sufficient for a short period. For areas with minimal or no productive capacity, few alternative income generating activities, a depleted natural resource base or high levels of malnutrition, longer-term use of food may be required.

Long-term use of food can be targeted for vulnerable, chronically food-insecure groups, such as female-headed households or children. All long-term projects should incorporate agriculture, health, agro-forestry or income-generating interventions into their programming strategies.

Development of household livelihood security (food security) interventions may or may not require the use of imported food resources.

Consider the following scenarios:

- A minor disruption occurs in food stocks, crops, or marketing systems. If communities and households are able to draw on their savings, food reserves or other sources of assistance or income, no food assistance is needed.
- Due to a natural disaster or civil disturbance, food stocks are lost, normal food supply/marketing systems are disrupted, and/or food crops are damaged. Short-term food assistance is needed. The duration may be as brief as a few days or as long as until the next harvest.

- The opportunity to return to food self-reliance is deferred over a long period. This includes successive crop failures and situations involving refugees or displaced persons. The initial health/nutritional status of the population, their possibilities to grow food and/or engage in other income-generating activities, and the policies of the government will determine the length of the transition from relief to self-sufficiency. Long-term food assistance may be required.

Food resources should only be allocated after a thorough needs analysis of a target population and area. The analysis should include a close examination of food production, supply, and marketing systems in the area and outside. Food aid may disrupt local markets in the distribution area and also negatively influence markets in surrounding regions. Analysis should also project what effect there could be when the project is terminated.

2. CARE's Food Programming Principles

Food aid should be programmed under specific conditions and with certain precautions; to do otherwise would risk a costly and ineffective intervention that creates dependency and acts as a disincentive to local food production. Food programs should be based on CARE food programming principles *(*adapted from ***CARE's Use of Food Aid: Policy and Guidelines, 1985)***:

- Priority to low-income food-deficient countries
- Targeted to benefit disadvantaged segments of the populations of the recipient countries
- Based on development criteria. Use of food aid must be a logical and integral part of the development efforts of the recipient countries and the region. Food aid should be consistent with overall strategies for the production and consumption of food in those countries.
- Developed, implemented, and evaluated with community participation and aimed toward community self-reliance. Selecting appropriate administrative and operational counterparts is critical and presents an opportunity to involve national and local private institutions and organizations reaching the greatest majority of the population.
- Include systems for both process and impact evaluation.
- Advocate for important food aid issues.
- Meet standards of accountability for food aid programming, including a clear statement of the project's framework and expectations, and assessment of potential impact on domestic agricultural production and consumption.

3. Objectives for the Use of Food Resources

If food is determined to be an appropriate resource, final and intermediate goals and quantifiable indicators should be identified. The following examples show how food resources can be used (adapted from ***CARE Haiti Food Aid Procedures Manual,*** July 1994):

Uses of Food Resources

Category	**Purpose**	**Degree of Need**	**Explanation**
Emergency	Save lives	Critical	Emergency feeding involves providing a large group of people with almost complete daily rations. The size and mix of the ration will depend upon expected duration of the critical hunger period. Emergency program design should include the means for determining when the emergency is over.
Rehabilitation	Restore health	Critical	Rehabilitative feeding is directed to those who have suffered acute malnutrition to the point of severe bodily wasting. They require intensive feeding with special foods.
Maintenance	Maintain adequate nutrition, income transfer	Chronic	Maintenance feeding is directed towards a group of people who for some reason (age, sex, social class, lack of capital) consume less than an adequate diet for achieving and maintaining normal health. The gap may be constant throughout a period of time (e.g., weaning) or recurrent (e.g., agricultural workers during a slow season). This type of chronic hunger will recur with predictable effect on a certain group of people, and can move into an emergency or rehabilitative situation if it persists beyond individuals' ability to cope.
Developmental	Enhance human potential; address causes of hunger/ poverty	Mild	Developmental programs use food to achieve an objective not directly related to lessening immediate hunger. The objective may be to avoid future hunger by addressing its causes, or to address related but different problems, such as water, environment, population or capital formation. Food may be monetized and the proceeds from sale used for a wider range of development activities.

4. Constraints on Using Food Resources

In finalizing decisions about the use of food resources, consider the following issues:

- Effects on dietary patterns, intra-household distributions of food and cultural preferences
- Effects on distribution of income
- Effects on local production and markets
- Effects on local logistics, storage, and transportation
- Effects on community initiative.

C. Project Design

Once program managers decide that food resources will be used in project activities, they must determine who will receive the food and how often, and what food will be used and how much (ration size and composition).

1. Targeting Beneficiaries

A targeting strategy should identify a basic unit, such as vulnerable individuals, households, communities or regions. Then criteria should be established to determine when targeted populations are qualified and no longer qualified to receive food. The following are important indicators of nutritional vulnerability:

- The relationship of the target group to seasonal and climatic factors affecting production (agricultural production cycles, weather patterns as reflected in both yields and price levels)
- Non-agricultural livelihood factors such as access to charcoal production, fishing, livestock, and commercial activities
- Access to production assets and markets
- Gender of the head of the household
- Size and number of children in the household.

The groups listed below are known to have distinct food needs:

- Refugees who have fled across national frontiers for fear of persecution or for survival
- Displaced persons who have left their homes and means of livelihood and moved within the territory of their own country
- Families who live in areas where refugees or internally displaced persons have settled in camps
- Returnees who were refugees/displaced and need temporary help to re-establish themselves in their original homes
- Rural landless, such as farm laborers and artisans unable to find employment

- Farmers with small holdings who normally meet most of their own subsistence needs and possibly market small quantities of produce
- Poor urban populations who depend on casual labor and petty trading for their livelihoods
- Vulnerable groups within each of the distinct population groups above who are at highest risk of malnutrition, such as infants, young children, pregnant women, nursing mothers, unaccompanied children, widows, elderly people without family support, and disabled people.

2. Ration Size and Composition

To determine the appropriate ration size and composition, consider the following factors:

- Age, gender, and activity level of the vulnerable population
- Number of participants
- Other local foods consumed, by number of calories/person/day
- Storage, fuel, and cooking facilities
- Culturally acceptable foods
- Caloric, protein, and micronutrient needs of targeted populations
- Local market value of the food and its value as an income transfer.

Food selected for distribution is also determined by project objectives. If food is distributed to increase household income, such as food-for-work, a high value food like oil may be more appropriate than a blended food not found indigenously, such as bulgur and soy blends. Conversely, if the project targets vulnerable individuals, soy blends may be more appropriate because of their high nutrient content, texture, and low resale value. The ***Commodity Reference Guide***, Office of Food for Peace and Voluntary Assistance, USAID, January, 1988 provides useful information on determining ration sizes for PL 480 Title II food.

The following example from CARE Haiti's ***Procedures Manual*** shows how to determine the caloric value of food used in a project activity and how to compare it with daily recommended allowances. Total caloric value per day is calculated by dividing the caloric value per 100 grams by one hundred (100) for each food and multiplying that by grams/day. For example, based on grams/day per beneficiary, the total caloric value per day for bulgur in the following table is 354 ÷ 100 = 3.54 x 125 gr/day = 442.5 calories per day.

Preschool/School Feeding Rations
(Children between the ages of 0-12 years old)

Commodity	Kgs/ month	No of feeding days/month	Grams/ day	Caloric value per 100 grams	Total caloric value per day
Bulgur	2.50	20	125	354	442.5
WSB	1	20	50	357	178.5
Peas	1.2	20	60	345	207
Oil	.5	20	25	884	221
TOTAL					1,049

The ration size, frequency of feeding, duration of program, and number of children to be fed provide the basis for determining overall food resource needs for a project. For example:

Children to be fed = 5,000
Duration of program = 9 months
Frequency of feeding = 20 days per month
Ration size (bulgur) = 125 grams/day x 20 days = 2500 grams (2.5 Kg) per month
Total Project Needs = 2.5 Kg x 5000 children x 9 months = 112,500 Kg (112.5 MT)

This basic calculation can be used to determine total food resources needed for any project. Programs should build in a contingency reserve for potential wastage or loss.

Percentage of Daily Caloric Allowance of CARE Haiti Ration Children in School Feeding Programs

Age	Recommended Daily Allowance (in calories)	Percentage of total daily recommended allowance
0-6 months	700	150%
6-12 months	880	119%
1-3 years	1,250	84%
4-6 years	1,750	60%
7-9 years	2,190	48%
10-15 years	2,800	37%

The table above highlights the importance of understanding the needs of the population receiving the food. Data should be collected in the planning stages of the project that determine, at a minimum:

- Appropriateness of the ration for the population by age, gender, level of activity
- Appropriateness of the food to be distributed, including micronutrient needs of vulnerable groups
- Whether the ration will be a supplement or a full ration.

3. Distribution Site

Criteria should be determined for the most appropriate mechanisms for food distribution. Factors to consider include:

- Project objectives and planned complementary interventions
- Physical location and accessibility of the sites, e.g., urban or rural communities. In concentrated urban settings, daily wet feedings through distributions may be an appropriate means of insuring that vulnerable groups receive a full ration. However, in dispersed rural populations, periodic dry rations may be the more effective and efficient distribution mode.
- Distance vulnerable groups must travel and the calories they must expend to reach feeding, distribution or work sites for food for work activities
- Nutritional status of the target population
- Time constraints of the targeted group. For example, a mother may have to make trade-offs between time spent on pursuing income-generating activities and receiving food entitlements.
- Political feasibility of distributions in the target area
- Cultural acceptability of distributions in the target area.

4. Distribution Plan

a. Direct vs. Indirect Distributions

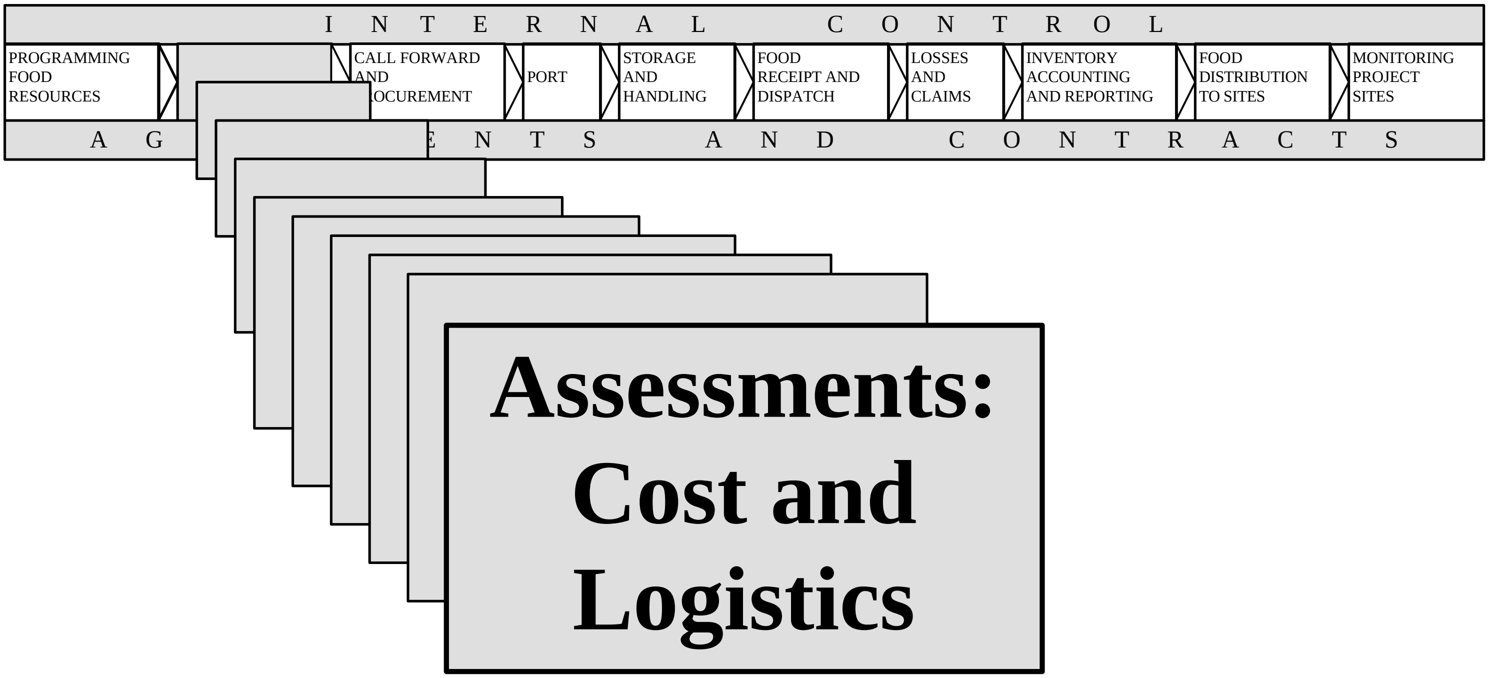
Direct distribution refers to food given directly to family heads or individuals. Overall, direct distribution is more resource-intensive than indirect distribution.

Indirect distribution refers to food given to representatives of beneficiaries, such as community leaders, who divide up the food for distribution to families or individuals. Indirect distribution overall may be less resource intensive; however, CARE has little control over how food is distributed by the community representatives. If indirect distribution is used, CARE and counterparts must develop monitoring systems to insure that food is reaches beneficiaries with minimal diversion.

b. Wet and Dry Feeding

Wet feeding involves the on-site preparation of a mixture of foods. It generally takes place daily and includes complementary activities such as training or immunizations. On-site wet feeding insures that intended recipients consume the specified ration. In addition, wet feeding acts as an incentive for attendance at training interventions.

Dry feeding involves distributing food in bulk to family needs. It is administratively much more convenient than wet feeding. Fewer people and resources are involved, there are fewer distribution points, and distributions may occur less often. However, it is more difficult to determine how often and how much of the ration has been consumed by targeted beneficiaries.



Assessments: Cost and Logistics

Chapter 2

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I. LOGISTICS ASSESSMENT

Logistics has to do with the flow of goods and services from origin to destination. The basic components of a logistics plan should address transportation (both for receipt into the country and programming area, and dispatches to distribution points within the programming area), storage, communications, and information management.

CARE is usually part of a logistics network, which may involve other international agencies, host government counterparts and the private sector. The country office may be involved in managing the logistics network for food and supplies shipped from donor to recipient countries, purchased in neighboring countries, or landed at a regional port for inland delivery to other landlocked countries where CARE has programs. CARE may be involved at any point along the way, from receipt at port, storage, and delivery to distribution sites. It is important for staff to be aware of the entire in-country logistics network, the roles of other agencies along this network, and how CARE's activities fit into the system.

The logistics assessment must also include necessary cost analyses for all logistics operations and include options for overcoming logistical obstacles.

The logistics assessment should be conducted by local individuals and organizations who know the area and services available.

A. Port Capacities and Services

It is important to examine the port (or ports) before making other transportation calculations. Some countries have multiple ports, but only one with adequate capacity to receive anticipated tonnage levels. Even if a port is close to a targeted distribution area, it does not necessarily follow that cargo will be received in that port. Moreover, the quality of service offered by a port may determine where the food is discharged and affect other transportation arrangements.

In analyzing port capacity and services, consider the following issues:

Authority

- Governmental port authority, quasi-governmental, or private

Load and discharge port restrictions

- Maximum port draft (submerged depth) allowable when ship enters harbor
- Overall length of vessel and beam
- Locks/bar restriction
- Bridge heights
- Use, size, capacity, and age of lighters, if applicable
- Any special dues or taxes on vessels or cargo

Berth Restrictions

- Maximum draft allowable along loading/unloading facility (what size vessels can dock, will lighters be needed?)
- Berth length and beam allowable
- Heights above waterline (elevator spout interference)

Transshipment facilities, including barges, rail, or truck

Labor Practice

- Normal working hours, overtime and holidays
- Labor wage rates
- Productivity (tons per hour) of cargo operations and stevedores

Types of cargo discharge and handling equipment

- Shore-based cranes and lift capacity
- Equipment for containers (discharging and loading onto ground transport)
- Vacuator equipment for removing bulk cargo from ships to port storage silos and accurate bagging machines
- Average discharge rates per shift or day
- Types of loading and discharging facilities (elevator loading and discharge, pneumatic or grab discharge)

Transit Sheds and Port Storage

- Types of storage capacity within the port (outside storage or open or locked warehouses)
- Is food is stored separately in warehouses or mixed with cargo from other vessels?

Port Take Off

- Rail access directly to dockside
- Adequate space for trucks to maneuver within the port

Tallying Services

- Qualified tally and survey companies that can provide an out-turn report

Port Lighting and Security

- Flood lights
- Dependability of electricity supply
- Fencing to control access
- Security personnel and services.

This information is often available through the country's Ministry of Transport or Port Authority. Donors and NGOs who already use port services are a good source of information.

B. In-Country Transport

As part of the planning process, it should be determined whether CARE, the donor or a counterpart organization is responsible for transportation of food.

1. Roads

Road transport remains the predominant means of delivering food and other items within a country. The country/s network of primary and secondary roads, often with dirt trails leading to project sites, can be determined by consulting a good map and the Ministry of Transport. Information should be collected on the following:

- **Distances** from main and secondary ports of entry to primary warehouse and operating regions
- **Composition and seasonal condition** of primary and secondary roads and the type and size of truck or other modes of transportation (e.g., tractors, beast of burden) that can safely operate on each road
- **Turn-around times** (TAT) from the ports to warehouses, between warehouses and to distribution sites (see ***Food Distribution to Sites***)
- **Bridges and/or ferries'** condition and the weights they can accomodate. For ferries also regularity of service.

2. Trucks

When roads are in reasonably good repair, trucks are the most flexible way to move food. Trucks will play a role at some point in the logistics operation, either as long-haul (e.g., between ports and inland hubs), short-haul (e.g., from hubs to distribution sites), or for local handling (e.g., from port to warehouse, airport or railway station).

CARE or its counterpart should first try to use government or commercial trucking fleets where available and feasible. There are a number of commercial transportation options:

- **Common Carriers:** In many countries, a mix of large to medium sized trucking companies, either private or state-owned, and single truck owner-operators, are available for transport.

- **Contract Carriers:** Trucks that serve a particular company, such as logging companies, mining companies, or agro-businesses, are often only occupied in one direction, i.e., from the mine to the port, and can be contracted to transport food on the back-haul portion of their trips. Contract carriers often have lower rates, as the trucks have to return anyway, although they may not be willing to go where needed by CARE, unless it is close to their base of operations.

- **Private Carriers:** Road transporters that only haul for a specific purpose and company. CARE fleets would be classed in this category, as would the fleets of other NGOs and the local military. These fleets are normally not in the business of carrying cargo for others, but could be used in emergencies.

a. Building a Trucking Capacity

Only in emergencies or other unique circumstances should CARE develop its own trucking capacity. The purchase of trucks is a very costly capital expense that imposes many unanticipated burdens. Management is time-consuming and resource-intensive, and may distract staff from fulfilling programmatic objectives.

Management responsibilities include:

- Obtaining required government permits and licenses
- Maintenance facilities and experienced mechanics
- Insurance
- Driver selection and discipline
- Eventual disposition of the trucks
- Fuel supply
- Spare parts.

CARE should only consider establishing its own trucking fleet if:

- There is no reliable commercial trucking in-country
- There is no government fleet available for use.

An interval of six to nine months is typical between the time the decision is made to order trucks to the time they can be used for food deliveries. Although in some cases emergency funding can be quickly mobilized to speed up the procurement process. However, because of the uncertain nature of most donor approval and capital purchasing procedures, expedited procurement of vehicles should not be expected.

b. Types of Trucks

If CARE decides to lease or purchase trucks, project managers must take into consideration: the size of trucks, condition of the roads, required food mix, the storage capacity of the receiving warehouses, and ruggedness of the terrain.

Long-haul transport: It is more economical to move cargo over great distances in trucks with a gross carrying capacity of 35 MT. An additional trailer with a gross capacity of 12 MT can be pulled behind the truck.

Short-haul transport: Short-haul trucks carry approximately 8-10 MT of cargo and are generally used to transport food from the main warehouse to site-level centers. Because many food programs operate in remote rural areas, four-wheel drive is essential.

3. Fuel

Fuel is generally the responsibility of the transporter and is factored into the transport price. Contracts for the provision of fuel must be entered into between CARE and the suppliers. Inconsistent fuel availability could lead to late or missed deliveries to project sites and therefore adversely affect project goals. In order to insure that enough fuel is available to meet

distribution schedules, fuel can also be stored by CARE and issued to trucks, or a commercial filling station can be contracted to issue fuel to agency or contracted trucks.
An inventory of fuel distribution and supply points should be taken. In many countries, import and supply of fuel is managed by the government. Where fuel provision is in private hands, there are usually a limited number of companies involved.

The following information should be collected and maintained:

- Location of fuel importation points
- Location of refineries
- Location of bulk storage facilities
- In-country distribution of fuel around the country (road tanker, rail tankers, pipelines) and deliveries to filling stations or other retail outlets
- Fuel storage areas that may have large tanks and pumps for receiving, storing, and disbursing fuel.

If CARE has its own fuel supply, it must be protected and secured from blowing dust, sun, theft, and misuse. Further, a plan should be developed to transport and store fuel in remote operating areas.

4. Other Modes of Road Transport

Local modes of transport, such as carts, pack animals (donkeys and camels) and bicycles, can move food into remote areas. Sometimes recipients travel long distances by foot to pick up food and transport it back to their families.

Country Example

Many of India's 14,000 distribution sites are located in areas inaccessible to motorized vehicles. In Rajasthan, camels are an economical, efficient, and common form of transportation, even on paved roads. Camels are a convenient mode of transporting food from block warehouses to ICDS distribution centers.

5. Rail Capacities and Services

Railroads can move larger amounts of food than either trucks or inland waterways. It is often the cheapest means of internal transportation. Sometimes railroad authorities transport donated food free of charge or at reduced rates. Rail transport, however, is less flexible than other types of overland transport. In many countries rail infrastructure has been neglected, rendering service and equipment unreliable. Also, road transport is often needed to complete final delivery, increasing the possibility of handling losses.

Sometimes rail is the only means of access. During a flood, the roads may be underwater. Loaded trucks can be placed onto rail cars, transported through the flood zone, and then unloaded to continue their journey to final destination.

In reviewing the rail capacity and operations, the following information should be collected:

- Tonnage capacity per train
- Number and condition of wagons and locomotives available
- Port to warehouse rail capacity
- Possibility of vessel discharge directly into rail wagons
- Frequency of train departures
- Transit time to destinations
- Condition of bridges and/or tunnels to destination
- Labor and equipment required for loading/discharge of the wagons
- Payments terms, demurrage charges and facilities for loading and unloading
- Reliability in terms of promptness and losses
- Availability of transit sheds for short-term storage
- Documentation and control of wagon deliveries
- Security of cargo and railroad's responsibility to safeguard the cargo
- Clearance restrictions of the cargo along the route.

6. River and Coastal Transport

River or coastal transportation is less expensive for large quantities of food. It is sometimes used for transshipment and movement of food into primary warehouses, or from intermediate warehouses to distribution sites. Consideration should be given to the following:

- Types of vessels, including self-propelled vessels, tugs, and barges
- Condition of mooring facilities, wharves, unloading facilities, and storage capacity at ports
- Seasonal considerations, including flooding and the dry season
- Transport schedules.

7. Air Transport

Air transport should only be considered as a last resort for a short-term emergency operation, such as during a civil war, where ground access is impossible due to security constraints, or where extensive flooding has caused bridges to collapse. It is usually only possible to move limited quantities of food by air, and the cost is always very high.

a. Aircraft Companies

It is generally best to work with local air charter companies in an emergency situation, as there are no registration problems and maintenance costs are either avoided or greatly reduced. The following information should be collected:

- Type and number of aircraft
- Cargo carrying capacity of each aircraft
- Type of fuel required for each aircraft
- Minimum landing strip requirements for each aircraft in terms of length and composition
- Ability of the charter company to contract additional aircraft, if required.

b. Airports and Airstrips

The following information can be obtained from the Ministry of Transport, Office of Civil Aviation, or local air charter companies:

- Location of airports/strips and the areas to be served by each one
- Distance from the main airport to each air strip in terms of air miles and/or flight time
- Storage facilities, such as transit sheds
- Handling equipment, such as containers and/or tarps, forklifts, conveyors
- Fuel storage, such as below-ground tanks, tanker trucks, hand pumps
- Ground support at each airport
- Condition, length, and composition of the landing areas.

c. Airdrops

Airdrops have been used in situations where aircraft cannot land. It can be difficult to maintain any accountability for goods air-dropped into an area. Once the decision to use airdrops has been made, consider:

- Altitude of the drop
- Whether the drop will be made with parachutes or free-dropped
- Packaging to limit losses upon impact
- Controls on the ground to prevent people from being injured by rushing into the drop zone as cargo lands.

Such operations should be closely coordinated and controlled. Constant access to communications is essential.

C. Landlocked Countries

When the country of operation is landlocked, without direct access to ocean transport, all possible modes of transportation should be evaluated. The cost, efficiency (including administrative and customs procedures), security, and overall, year-round reliability of the transport route options must be carefully evaluated and periodically reviewed. Often there will be no means of transportation that meets all criteria.

- One route may be relatively safe, yet involves a prohibitively long transit time.
- Another route may be inexpensive but risks considerable losses.

In these cases, project management must set priorities and agree with donors on the method of transportation selected.

D. Locating Storage Facilities

In assessing the availability of adequate storage facilities, the following should be taken into consideration:

- Access: The storage facility should be accessible to trucks, ideally along an all-weather road.
- Proximity to target population: This becomes more important after food leaves the central warehouse and is stored in secondary warehouses or near distribution sites.
- Drainage: The warehouse should not be located in a low area subject to flooding.
- Space: There should be sufficient space to allow trucks to maneuver within the warehouse compound.
- Crowd control: Fencing or wide ditches around the compound such that entry and exit can be managed and controlled.
- Warehouse structure: Is the floor solid and in good condition? Are pallets available, or do they need to be procured? Is the roof sound with no evidence of leakage? Are there sufficient windows to allow for light and ventilation? If so, are windows secured with bars or grating to prevent break-in? Does the warehouse have electric lighting for night work? Are any simple repairs needed?
- Loading doors: How many loading doors are available? How many trucks can be loaded/discharged at one time?
- Capacity: Is the warehouse large enough to store a significant amount of food? One large warehouse is simpler than several small warehouses, in terms of control, coordination and supervision.

- Cost: Is the rent reasonable and/or supportable by the project budget?
- Security: Large amounts of food stored in an insecure location could actually invite attacks on local population or warehouse personnel.

See ***Storage and Handling,*** for more information.

II. ASSESSING COSTS

Food aid programs are costly, and it is critical that CARE and counterparts integrate rigorous cost analyses into all programming decisions in order to use resources effectively and efficiently, and country offices should pay careful attention to whether they will carry out activities directly, form partnerships or contract out services.

Costs will vary depending upon program size, method of distribution, feeding schedules, and the local infrastructure available for project operations. Funds will be required for supervision, warehouse storage and handling, monitoring, and overall management and administration. In addition, costs are associated with survey design and analysis, training, personnel, transportation, and beneficiary selection. All these costs are borne by the donor, CARE, the recipient government and project participants either through cash or in-kind support. See **Attachments** for an example of a worksheet that could be used for estimating costs.

Cost analyses should be conducted. Some examples include:

- Costs per ration (e.g., total costs and logistics, direct and indirect program costs as a percent of total ration costs)
- Costs per metric ton
- Costs per beneficiary
- Direct operational costs of CARE as a percent of total program cost
- Local cash and in-kind contributions as a percent of total program resources
- Cash and in-kind contributions by communities and/or beneficiaries as a percent of total program resources.

Food aid projects are expensive, require considerable manpower, and are cumbersome to manage. In developing a food aid project, country offices must be prepared to justify each cost element.

Project Resource Requirements

Program Elements	Required Inputs
Targeting	Systems to gather and analyze information collected on the target population Ration cards or registration procedures
Pre-Shipment	Staff to determine: • Total tonnage to be transported/delivered • Breakdown of tonnage by delivery location • Time frame required to complete each delivery • Expected duration of the program • Agreements with the host government, donor, counterparts, transportation companies, clearing and forwarding agents, storage facilities, and project participants
Documentation	Preprinted multiple copy issue (waybills) and adjustment vouchers Storehouse ledgers
Management Arrangements	Organizational structures and clear assignment of responsibilities Both formal and on-the-job training Initial and periodic systems analysis to insure: • Proper authorizations • Accountability • Checks on the recording of transactions • Regular stock reports • Limited access to assets • Separation of duties Staff rotation
Procurement (many of these costs are borne directly by the donor, but should be considered in the overall cost of food aid projects)	Office material and equipment Vehicles for monitoring and management Freight forwarder Systems in CARE country office, local donor office, CARE Atlanta, donor headquarters office to process calls forward and purchase food Processing and packaging, if required Pre-shipping storage and handling Ocean freight Overland transport to the border in landlocked countries
Port Charges	Landing charges other fees Charges for movement of cargo from storage area and loading on forwarding transport (includes labor) Demurrage charges for not clearing food out of port warehouses on a timely basis Survey charges for inspection of the cargo prior to discharge to fix responsibility for any damages en route.

Internal Transport, Storage and Handling	Adequate discharge, storage, and off-take facilities at port, including stevedores, supervision, transit sheds and port storage Ex-tackle, ex-shed, and discharge surveys Staff and scales to collect sample weights of the food Reconstitution costs, including extra bags, labor, stitching machines and scales Local clearing and forwarding agent fees Adequate means of inland transport to central warehouses Adequate central warehouse facilities, including space, fumigation and reconstitution Warehouse equipment, pallets, scales, locks Reliable communications network Vehicles or transport costs to distribution points Regular fuel supplies Anticipation of seasonal constraints and other problems, and backup plans and reserve capacity to minimize delays in distribution Insurance, such as bonding of warehouses and employees
Delivery Schedules/Distribution Plan	Scheduling of the distribution Contingency plans for ration deliveries Training and arrangements for distribution at the sites
On-Site Feeding	Local inputs, such as spices or other foods Cooking utensils Materials for complementary activities, such training guides, growth charts, health posters and vaccines
Monitoring and Evaluation Systems	Systematic monitoring and evaluation of: <u>Process indicators:</u> • Cleanliness of facilities • Stock balances at distribution sites • Validation of inventory records from port to end-use sites • Ration size • Distribution procedures and amount of food distributed • Review of beneficiary lists <u>Impact indicators:</u> • Progress of interventions in meeting final and intermediate program goals • Status and needs of the affected population • Effectiveness/impact of food assistance • Status of livelihood systems in a targeted area, including market prices, production, livestock and socioeconomic conditions Periodic audits and internal reviews

INTERNAL CONTROL

Chapter 3

Click on the title of any section below to view

I. INTERNAL CONTROL

Internal control is an organization plan with methods and measures to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to management policies. A system of internal control includes accounting and administrative controls. There must also be competent people to operate systems, and documents that record all transactions.

Internal controls either prevent losses or detect losses in a timely manner to avoid further losses. A system of internal control provides reasonable but not absolute assurance of reducing risk of losses to an acceptable level. Reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived. Some internal controls, such as conducting periodic physical counts of food stored in a warehouse, are very cost-effective. Other internal controls, such as assigning a CARE employee to the port, are cost-effective depending on the circumstances--the extent of previous losses, or whether food is shipped in bulk or in containers.

The ***Overseas Internal Controls Manual*** published by CARE USA's Internal Audit Department (ALMIS #4598) and the ***Commodity Accounting Manual*** from the Finance Department (ALMIS #4496) provide more in-depth discussion of internal controls. Aspects of internal control relevant to managing food resources appear in this and other chapters throughout this manual. Look for boxes like the ones below for special emphasis.

A. Accounting Control

Internal accounting controls encompass the written policies and procedures designed to insure the accuracy and reliability of warehouse inventory and commodity financial accounting data and to safeguard assets. Internal accounting control provides reasonable assurance that:

- Transactions are carried out in accordance with management's general or specific authorization. This requires independent evidence that authorizations are issued by persons acting within the scope of their authority and that transactions conform to the terms of the authorizations.

Internal Control

Before entering food receipts, dispatches, losses, and adjustments in commodity financial ledgers, the commodity accountant must review the receiving waybills, dispatch waybills, and Loss and Adjustment Reports to determine that each document has been authorized by the person delegated that responsibility by management. Reference the *Commodity Accounting Manual*, ALMIS #4496, June 1995.

- Access to assets is permitted only in accordance with management's authorization. This includes both direct physical access and indirect access through the preparation or processing of documents that authorize the use or disposition of the food.

Internal Control

Access to warehouses is restricted to personnel authorized by management. The warehouse is locked and guarded during non-working hours; only the person designated by management has the keys. Waybills, the documents used to receive and dispatch food from warehouses, are pre-printed, pre-numbered, and safeguarded like checks used to withdraw money from a bank account. Only those individuals delegated the responsibility by management are allowed to authorize the issuance waybills.

- The warehouse inventory ledgers are compared with the physical inventories at reasonable intervals, and appropriate action is taken with respect to differences.

Internal Control

CARE and counterpart warehouse managers and storekeepers must make regular, on-going physical counts or inventory of food stored in their warehouses. For internal control purposes, inventories must be taken by persons separate from the warehousing and commodity accounting staff. Independent counts must occur annually and, wherever possible, more frequently. The totals are presented to the commodity accountant who reconciles the physical inventory with the commodity financial ledger balances. The reconciliation is then reviewed and approved by the Financial Controller. If differences between the ledger balance and the count cannot be reconciled, they are considered a loss and documented on the Loss and Adjustment Report. The Loss and Adjustment Report is authorized by a senior manager. A claim would be filed against the person responsible for the warehouse where the loss occurred unless the warehouse manager or storekeeper shows that he/she acted reasonably and the loss could not have been prevented.

B. Administrative Control

Internal administrative controls are the plan of organization and all the methods and measures adopted to promote operational efficiency and adherence to management policies. A primary responsibility of management is to operate effective programs at an acceptable cost. To accomplish this, management:

- Develops policies and procedures to promote efficiency in every area of activity.

Internal Control

Promoting efficiency in food management requires clear written policies and the procedures necessary to implement those policies. This *Food Resources Manual* consolidates CARE USA food management policies and procedures.

- Implements the policies and procedures through proper personnel selection, training, and compensation.

Internal Control

CARE's food management policies and procedures will have little effect without qualified staff to implement them. To the extent possible, all positions should be filled based on competition, and references from former employers. Compensation for positions should be compatible with employees' duties and the market rate. Training should be provided whenever required.

- Communicates the means of effecting the policies and procedures.

Internal Control

This *Food Resources Manual* lists the procedures necessary to manage food resources. Employees' skills are enhanced through both formal and informal training.

- Monitors performance through adequate supervision.

Internal Control

At the country office and other levels, organizational charts show the food and logistics sections with lines of reporting clearly defined. Job descriptions for each staff member detail the specific duties to be performed, including supervisory duties. Supervision occurs at the headquarters level through audits and program reviews.

II. ORGANIZATION AND STAFFING

A. Structure and Roles

Food aid projects vary in size from country to country. Some country offices monetize food and use the proceeds to implement projects, while others distribute food to hundreds of thousands of people on a daily basis. Management must evaluate the food resource needs of each country office and develop an organizational structure that maximizes the impact of available resources on targeted beneficiary populations. Management structures may emphasize direct operational responsibilities or strengthening partnership relationships with counterparts.

Internal Control

To minimize losses and insure that the maximum amount of food reaches the intended beneficiaries, the organization must have:

- **competent, trustworthy personnel with definite lines of authority and responsibility**
- **clear segregation of duties among the personnel.**

1. The Organizational Chart

The usual way of depicting an organization is with a chart that shows:

- Established departments or functions
- Title of each job and its location within the organization
- Who is in charge of what department or function
- Who is accountable to whom.

At a minimum, an organizational chart for projects using food resources must include personnel to:

- Plan, organize, implement, control, and evaluate programs involving food distribution
- Inspect warehouses, take physical inventories, and make end-use checks on food
- Account for the receipt, storage, and distribution of all food
- Review books and records maintained by counterparts at regional and distribution site levels.

Duties should be clearly assigned to project personnel who understand the linkages shown on the organizational chart.

Internal Control

Country offices may at times be faced with limited financial resources and an inability to find experienced personnel. In these cases, some duties of managers and staff may not be easily separated. All internal controls may not be satisfied. In these cases, country offices and regional managers in consultation with the Internal Audit Department must determine how to assure compliance with CARE policies and procedures. This may include termination of projects. Whenever appropriate, donors should be kept informed. **See *Agreements and Contracts*.**

2. Delegation of Responsibility

Given the size of most CARE operations, is it not practical for top management to directly supervise all operations. In order to function efficiently, duties must be delegated and integrated into an organizational plan that provides for a clear separation of duties between those persons having physical possession of the food and those persons accounting for the quantity of food. For example:

- One unit is responsible for physical custody of the food.
- A separate unit accounts for the quantity of food in inventory at any given time.
- A third unit is responsible for the distribution plan, which allocates food.
- Periodic physical counts are performed by persons separate from the above three units.

The first three responsibilities are usually handled by the finance department, warehouse staff, and project manager respectively.

3. Collaboration with Other Organizations

CARE often collaborates with other agencies or counterparts and may be responsible for only a segment of the operation, such as warehousing or trucking. Whether CARE is responsible for all or part of the operation, the principles of proper organization must apply.

Country Office Example

In the Benaco refugee camp for Rwanda refugees in Tanzania, specific duties were divided among the organizations working in the camps. UNHCR was in charge of beneficiary selection, WFP was in charge of transport and accounting, and CARE Tanzania handled the food warehousing. CARE and other NGOs distributed food to beneficiaries. UNHCR, along with CARE and other NGOs, monitored the distributions.

B. Job Descriptions

Job descriptions describe the specific day-to-day activities and responsibilities for each position on the organizational chart. The following represent some major responsibilities required of a food aid operation.

Title	Responsibilities	Reports Directly to:
Project Manager	• Donor liaison • Staffing • Project programming • Develops monitoring and evaluation strategies • Insures adherence to CARE and donor established policies and procedures • Develops project proposals • Obtains funding for interventions • Coordinates among units • Develops targeting criteria	Assistant Country Director
Port Officer	• Acts as a liaison between CARE and port authorities, surveyor, clearing and forwarding agent, shipping agent, stevedores • Inspects dock areas and transit sheds prior to arrival of food for safety and cleanliness • Works with independent surveyors • Insures marine and port losses are properly documented and reported, and responsibilities are fixed • Facilitates timely loading of food • Keeps shipment ledgers and files • Insures timely reconstitution of damaged food	Project Manager
Warehouse Managers and Storekeepers	• Receive and issue food upon proper authorization and documentation • Maintain stack cards for individual shipments and empty containers • Maintain warehouse inventory ledger • Insure cleanliness and safety of warehouse • Inspect and control insect and rodent infestations • Insure that food is stacked properly • Insure that damaged food is properly segregated and repackaged promptly	Project Manager

Field Monitors	• Conduct physical inventories at distribution sites and reconcile with stock ledgers • Periodically attend food distributions • Prepare site distribution end-use monitoring reports • Conduct counterpart training	Project Manager
Food and Logistics Officer	• Coordinates contracts for services, e.g., private transporters, independent surveyors, and clearing and forwarding agents • Liaison with government ministries for port clearances • Arranges call forwards	Assistant Country Director
Internal Auditor-Country Office	Evaluates: • Adequacy of controls for accounting activities • Compliance with CARE policies, plans and procedures • Measures to safeguard assets against possible losses • Reliability of accounting data • Performance and efficiency of operations in assigned responsibilities	Country Director

C. Emergency Project Considerations - Start Ups

All systems mentioned above must be in place for any food project to function efficiently. However, in emergencies systems may be implemented in stages. The following is a suggested schedule for implementing a food project in an emergency start up situation.

1. First Month of Operations:

- An on-site food management unit is established with experienced staff. The local CARE office, as well as CARE headquarters, must collaborate closely to fill vacant positions.
- Coordination with local governments, other donors and PVOs.
- Management arrangements are put into place, including organizational structures and clear assignment of responsibilities following the basic concepts of internal control. A consultant may be needed to assist in setting up the following:

    - Proper authorizations
    - Accountability
    - Checks on the recording of transactions, e.g., waybills, inventory ledgers
    - Daily or weekly stock reports
    - Limited access to food
    - Separation of duties
    - Staff rotation.

- Necessary documentation printed and procedures established for transport of food from port to storage and from main storage to distribution points. Documentation is provided by CARE-HQ, Emergency Group. The country office must locate secure offices for storage of all ledgers and forms. Documentation includes pre-printed:

    - Waybills
    - Loss and Adjustment Reports
    - Warehouse inventory ledgers
    - Commodity Status Reports
    - Recipient Status Reports.

- Storage space and staff are selected.
- Both formal and on-the-job training takes place on handling of food and inventory controls at warehouses. An additional consultant may be needed to conduct the initial training sessions.
- On-going assessments of the size of the target populations, development of initial distribution plans and dispatch schedules.
- Transportation and vehicle maintenance contracts are negotiated, and/or procurement arrangements are made.
- Communications networks, including radio networks and checkpoints, are established.
- Reporting occurs daily on amount of food distributed.

At the end of the first month, systems, schedules, and documentation should be in place for the warehouses, and the warehouse inventory accounting system should be complete enough to tell the amount of food that has been received and issued, the quantity available for distribution and the extent of any losses.

Rough estimates of distributions can also be made. Even if food is distributed off the back of a truck to a crowd of people, the driver and person in charge at the distribution site can report the amount on the Receipt Information section of the waybill. This information can be used to estimate the individual rations received by people.

2. Second Month of Operations:

- Continued training on sound food handling, accounting, and procedures takes place at warehouses and distributions sites.
- Continuing assessments of the size of beneficiary population and better defined criteria are established for eligibility to receive food rations.
- Individuals to receive food for distribution are selected by community leaders with CARE and, as appropriate, donors and staff from other PVOs. Signatures of selected persons are recorded and placed on file by CARE.
- Regular reporting continues on estimates of people receiving food.

By the end of the second month, food handling and warehouse inventory accounting procedures should be functioning down to the final distribution point.

3. Third Month of Operations:

- Registration of beneficiary population takes place, including if possible the use of ration cards.
- Scales and other equipment are supplied. Selected members of the beneficiary population are trained to handle food, measure and give out food rations to approved beneficiaries, and keep records at the distribution point.
- Regular monitoring of distributions and warehouses (procedures and documentation) takes place at all levels.
- Country office examines possibilities for complementary interventions.
- Regular reporting should provide an accurate estimate of the number of people receiving food.

By the end of the third month, systems should be functioning at all levels, regular reporting should be taking place, beneficiary populations should be trained in basic food management functions, and new programming options should be under consideration.

III. AUDITS AND MANAGEMENT REVIEWS

An audit is an examination of the activities of an organization or a component of an organization. An audit informs the organization how well it has been operating, usually pointing out strengths and weaknesses as well as making recommendations for improvement. Chapter 15 of CARE's ***Overseas Financial Manual*** contains more information about audits. This chapter focuses only on food audits.

Food audits can be performed by U.S. Government representatives (for USG required audits), independent audit firms hired by CARE or the donor, CARE-USA's Internal Audit Department, or CARE's external auditors.

A. U.S. Government Audits

The U.S. Government's Office of Management and Budget (OMB) ***Circular A-133*** establishes audit requirements for certain non-profit organizations like CARE that receive USG support. The annual A-133 audit is conducted by CARE USA's external auditors and Internal Audit Department (IAD) on a worldwide basis. The audit opinion pertains to CARE USA's U.S. Government operations in their entirety, not to a specific region, country office, or program. The U.S. Government does not require individual country offices to submit audits. CARE's external auditors currently audit about four country offices annually. The annual, worldwide A-133 audits are intended to reduce the number of U.S. Government-required audits. Grant-specific audits, however, can still be required.

The A-133 audit typically examines controls for reducing losses and maintaining accountability as food is moved from the port to the beneficiaries. The focus is on the material aspects of the programs--warehousing, accounting, end-use monitoring, and reporting.

In addition, the IAD audits approximately ten country offices each year. These audits cover all U.S. Government assistance, encompassing both food and funds, including monetization proceeds. Findings and recommendations from these audits can be used as support material for A-133 audits.

B. Grant-Specific Audits

Currently, no donors other than the U.S. Government have anything equivalent to an A-133 audit. Instead, an audit of a specific grant or project may be required in the grant agreement. This audit is usually conducted by a local external audit firm on behalf of the donor. The donor may allow CARE USA's Internal Audit Department to conduct the audit, since the IAD is sufficiently independent of the grant or project. The substantial advantage in having the IAD conduct the audit is that it will take much less country office staff time and will not result in unreasonable findings stemming from ignorance or inexperience. Many times external auditors have little knowledge and experience in auditing food programs. Regardless of who conducts the audit, the country office should obtain a copy of all contracts with donors.

C. Internal Audits and Management Reviews

1. CARE USA Internal Audit Department

The IAD audits programs that receive food aid from both U.S. and non-U.S. donors.

Specifically, the goals of IAD are to:

- Assess risk exposure by reviewing and evaluating management controls as well as internal accounting controls
- Recommend appropriate improvements in internal accounting and operations where inadequate controls have been found, or where controls should be instituted

- Recommend appropriate improvements in the accountability and safeguarding of CARE’s assets and the reliability of management data developed and reported to senior managers in country offices, CARE USA and CARE Finance in Manila
- Report significant findings and recommendations to senior management in a timely manner, providing assistance with implementation plans, if necessary
- Evaluate the effectiveness of management’s proposed actions to correct internal control deficiencies.

The specific objectives of food audits are to review the:

- Reliability of certain financial and operational information, such as waybills, warehouse inventory ledgers and Commodity Status Reports
- Systems established to insure compliance with those policies, plans, procedures, regulations, and laws that could have a significant impact on operations and reports; and determine whether the country office is in compliance
- Means of safeguarding food from loss and misuse, and as appropriate, verify the existence of such food.

IAD submits an annual schedule of proposed internal audits to country offices for their concurrence and makes a reasonable effort to reschedule audit dates when the country office has a schedule conflict. The scope and objectives of the audit are submitted to the country office approximately one month before the scheduled beginning of the audit. The country office is asked to complete an Internal Control Questionnaire, which provides IAD with important planning information. Most of the information required is easily prepared from existing reports or documents.

Internal audits of food programs are usually combined with internal audits of funds and property. These audits take about four to six weeks to complete. Internal auditors meet with staff at the principal office, review documents and systems, visit sub-offices, warehouses and distribution sites where material amounts of food are handled, and meet with local donors, if applicable. The IAD also will incorporate reasonable requests by the country office into the scope of the audit.

All audit observations and recommendations are documented in writing and discussed with the country director and other staff before the auditors leave. Before issuing a final audit report, IAD provides the country office with a draft report and an opportunity to comment.

The country office, with concurrence from the RMU, may explicitly disagree with and choose not to implement any recommendation. The RMU and the country director must accept the risks of not implementing the recommendations.

CARE USA expects all accepted recommendations to be implemented within three months of the issue date of the audit report, unless an extension is granted. The final audit report is distributed to the executive staff at CARE USA, the Director of the RMG, FSU, BGA, and the appropriate RMU.

2. Country Offices

Senior management of each country office staff must be actively involved in monitoring its own food activities. Some country offices have created internal audit positions within the management structure of the country office.

A senior manager can easily make a surprise physical count of food in a warehouse when visiting a sub-office or examine a sample of warehouse inventory records and stock cards and trace some of the entries to the source documents, verifying that the source documents have been properly authorized. Whether or not any discrepancies are discovered, this shows that senior management takes an active role in insuring that systems are in place and are properly operated to minimize the risk of loss and to promote effective food programs.

Given the high value of food assets and responsibilities for safeguarding them, country offices should carry out an internal management review at least annually. The nature and extent of these reviews should be coordinated with regional managers at CARE USA Headquarters. Results of reviews can be used to support responses to the Program Division's ***Management Assessment for Country Offices (MACO*****).**

The following checklist may be helpful in carrying out the reviews. The checklist is adapted from Attachment 14A, AID's ***Suggested Checklist for Internal Reviews of PL 480 Title II Programs of Voluntary Agencies, Handbook Nine***, January 1981. How extensively country offices will follow the checklist depends on the program's operational environment, numbers of experienced staff, relationships with counterparts and known weaknesses of systems.

3. Suggested Checklist for Management Reviews

a. Responsibilities and Timing

Senior managers of country offices will be responsible for reviewing their own operations each year and submitting findings and recommendations to regional managers and internal audit at CARE USA Headquarters. The review may be conducted by members of the country office staff or experienced outside consultants.

b. Places to be Reviewed

- Country and regional offices
- Counterpart offices -- main and regional
- Ports
- Warehouses
- A representative sample of distribution sites.

c. Overall Assessment of Agency's Capability

- Country office (appearance, size, location equipment, type of records, status of files and reports)
- Size and capability of staff and number of field monitors
- Scope and quality of previous reviews and action taken on previous recommendations
- Agreements and effectiveness of their implementation.

1) Summary of agreements:

- Between country office and host government
- Between country office and counterparts, including those at distribution sites
- Between country office and contractors for services.

2) Agreement coverage for the following:

- Survey of cargo discharge from ships
- Prompt duty free entry
- Right of country office representatives to examine records of counterpart operations, inspect food in storage, and observe distributions
- Travel in country and make decisions about the program
- Confiscation and return by police of food found in black markets

- Coverage of operational and distribution costs by donors and counterparts, including in-kind contributions
- Counterpart reimbursement for losses.

3) General recommendations for improving country offices' capability.

d. Review of Country Office Policy and Program Guidelines and Their Implementation

1) Eligibility of Recipients

- Written guidelines or criteria prepared by country office to share with groups requesting food. Are these guidelines known to counterparts and other local organizations? Are guidelines consistent with donor laws and regulations?
- What criteria are supposed to be used before approving new projects or terminating others? Are they applied in practice? If not, why not?
- Select three specific projects belonging to different projects using food resources in different ways, e.g., MCH, FFW or emergency distributions, and verify how eligibility requirements (including payment of nominal fees) were applied.
- Formulate recommendations for improving eligibility guidelines and their enforcement.

2) Computation of Food Requirements

- How were individual food rations determined for each program category request to donors, e.g., an AER for Title II programs?
- Compare requested rations with rations dispatched from warehouses and with rations actually distributed at the three selected project sites. Note and explain any discrepancies.
- Is information on the number of beneficiaries per project updated before warehouse dispatch orders are emitted for a given project?
- Compare existing stocks at selected project sites and warehouses serving them with "normal" distribution rates according to approved rations and number of beneficiaries. Account for losses or excesses.
- Make recommendations about methods of computing, updating and controlling food requirements.

3) Adequacy of Physical Facilities and Equipment

- Ports
- Main warehouse
- Regional and secondary warehouses
- Stores and distribution points at selected project sites.

e. Review of Control Documents and Inventory Systems

- The description of the country and regional office inventory system follows the "life-cycle" of a typical food shipment, from the development of the program plan and request to the donor through final reports on distribution and end-use. Each step will be numbered and any gaps in the inventory "system" noted. Steps to be covered are given below, in section f.
- The donor approved program plan should be checked against actual distributions by using "case histories" of specific shipments. Reference should be made to points where information systems were inadequate or where decisions were not taken despite adequate information, indicating why and who was responsible.
- Make recommendations to improve country office information systems.

f. Steps to Check in the "Life-Cycle" of a Shipment

- Basis for preparing request to donors for estimated future needs or for emergencies
- Basis for preparing program plans in coordination with donors, counterparts and other international or local NGOs
- Basis for submitting Call Forwards
- Usefulness and timeliness of shipping documents sent by CARE USA's Procurement Office and other CI member offices
- Documentation and procedures required for clearing shipments through port
- Independent discharge and delivery survey reports and filing of claims for marine and internal losses
- Control of port losses and claims
- Control of transport to main warehouses
- Control of warehouse inventory and losses
- Control of updated food requirements for each project or region
- Basis for and frequency of warehouse dispatch orders to projects or regions

- Control of transit losses during transport from main warehouses to regional, other secondary warehouses and at project sites
- Control of losses at regional or other secondary warehouses and at project sites
- Method of disposal of damaged food
- Claims made for inland losses
- Control of distribution from regional warehouses or other secondary warehouses to project sites
- Methods of distribution, and control documents at projects sites
- Frequency and form of end-use checks and inspections, including reports and actions taken
- Control and utilization of funds from beneficiary contributions and the sale of empty containers
- Actions taken to avoid sale or trade of food by beneficiaries
- End-use reports provided by beneficiaries and by regional offices
- Basis for preparing commodity and recipient status reports
- Actions taken to ensure that overall distribution levels are within approved program plans
- Coordination of food aid from different donors, including distribution of food from multiple donors and avoidance of giving the same beneficiaries multiple rations from different donors unless otherwise provided by program plans.

g. Summary of Recommendations for the Management Review

INTERNAL CONTROL

PROGRAMMING FOOD RESOURCES	**ASSESSMENTS: COST AND LOGISTICS**	CALL FORWARD AND PROCUREMENT	PORT	STORAGE AND HANDLING	FOOD RECEIPT AND DISPATCH	LOSSES AND CLAIMS	INVENTORY ACCOUNTING AND REPORTING	FOOD DISTRIBUTION TO SITES	MONITORING PROJECT SITES

AGREEMENTS AND CONTRACTS

Chapter 4

Click on the title of any section below to view

CARE receives food resources from public and private donors valued at hundreds of millions of dollars each year. CARE is entrusted with the responsibility of accounting for it, safeguarding it, and using it for its intended purposes.

It is essential that accountability responsibilities and financial liability limits are clearly specified in written, legally binding agreements and contracts with donors, host government counterparts, local non-governmental organizations (NGOs), community-based organizations and others who provide goods and services, e.g., survey agents and transporters.

Internal Control

While agreements and contracts are no guarantee that all parties will carry out their responsibilities, they provide the basis for understanding each party's role and the extent to which they may be held liable for failure to carry out specified terms and conditions.

I. BI-LATERAL AND MULTI-LATERAL DONORS

Country offices receive food resources from bi-lateral and multi-lateral donors. CARE is subject to all applicable donor laws, rules and regulations unless otherwise waived.

While donor requirements may at times be burdensome and seemingly unnecessary, they are designed to assure that valuable resources are used appropriately and can be accounted for. At the same time, donors understand that food programs are often carried out under extremely difficult conditions and that inevitably some food will be lost.

The information and guidance presented in this manual are intended to set a CARE standard for managing food that should satisfy donor reporting requirements.

Internal Control

Donors and CARE USA do not want to be surprised. Senior managers of country offices, through discussion and in writing, must alert donors, CARE USA, and other CARE International member headquarters of potential or discovered problems and keep them informed about all efforts to resolve them. This is especially true in cases of losses. <u>Lack of timely communication could expose CARE to significant liabilities.</u> It is always better to say too much too soon and not too little too late.

The tables below summarize information on food aid available from bi-lateral and multi-lateral donors. This information is based on current laws and regulations of donors which are always subject to change.

When U.S. Government or WFP regulations change, CARE USA's Food Security Unit must notify country offices. Other CI members should notify country offices of changes in their donor government laws and regulations. Country offices should also request local representatives of donors to notify them of any changes, and, in turn, country offices should inform the Food Security Unit.

A. Bi-lateral Donors

1. The United States

Food Assistance and Support--USAID

Type	Description	Eligibility	Comment
PL-480, Title I, II, and III	Provides agricultural commodities to: • Combat the causes of world hunger and malnutrition • Promote broad-based, equitable, and sustainable development, including agricultural development • Expand international trade • Develop and expand export markets for United States agricultural commodities • Foster and encourage the development of private enterprise and democratic participation in developing countries.	PVOs, governments, multi-lateral organizations	Direct distribution or monetization programs
Office of Foreign Disaster Assistance (OFDA)--AID	Non-food disaster relief, disaster rehabilitation and incipient disaster interventions including: health care, water and sanitation, and emergency shelter	PVOs	Funds cost of operations, although capital equipment expenditures are not generally funded

CARE receives a majority of its food resources through U.S. Public Law 480 Title II which is presently administered by the Office of Food for Peace. This table summarizes the types of Title II support.

USAID

Type	**Description**	**Eligibility**	**Comment**
Development Programs	Infant, mother, child, and school feeding programs A wide variety of food for work programs in which food is paid as wages for work performed. Monetization programs, where food is sold to generate cash and compensate workers, pay administrative costs of handling food, or fund development activities not necessarily associated with the food itself	PVOs, WFP	Stringent reporting requirements
Section 202(e) "Farm Bill" Proposals	Provides dollar funding for specific administrative, management, personnel, internal transportation and distribution costs for carrying out Title II programs	PVOs	Annual funding allocation
Emergency Relief	Disaster and emergency relief activities, usually less than nine months (food and funding)	PVOs, WFP	Same account-ability and reporting requirements as regular Title II programs

Food assistance is also provided through the United States Department of Agriculture.

USDA Section 416 and Food for Progress

Type	**Description**	**Eligibility**	**Comment**
Section 416	Authorized by the Agricultural Act of 1948, as amended, this program provides for the disposal of surplus agricultural commodities owned by the CCC through donations to help the needy of friendly countries. The Section 416 (b) program allows for: • Direct distribution • In-country and cross-border monetization with the stipulation that proceeds must be used to assist the needy USDA is authorized to pay the cost of ocean transportation to the recipient country and, in cases of extreme emergencies, inland transportation cost.	PVOs, governments	Can be used for tri-lateral monetization (monetization where sales take place in one country and the proceeds are used for projects in a different country). Section 416 (b) food availabilities are dependent upon USDA food inventories, domestic production and U.S. budget resources. Resources availabilities fluctuate and may only exist late in a fiscal year, if at all. Although grains, such as corn and sorghum, have available in previous years, this source is now limited to dairy products.
Food for Progress	Authorized by Section 1110 of the Food Security Act of 1985, as amended. The program provides agricultural commodities for multi-year programs in exchange for a country's progress toward a market-oriented economy, or the process of privatization and democratization. Food for Progress is provided through the following mechanisms: • Direct donations from CCC inventories • Direct donations of CCC financed commodities • Credit sales from appropriated Title I funds • Direct donations from Title I funds • Credit sales from CCC-funded procurement of commodities not in CCC inventories or included in the Section 401 availability determination	PVOs, governments	CCC is authorized to pay transport costs for the program, but cannot spend more than $30 million per fiscal year on non-food expenses. The legislation has a minimum annual program quantity of 75,000 MT and a maximum of 500,000 MT of donated food per fiscal year .

2. Canada

Canadian Food and Other Assistance

Type	Description	Eligibility	Comment
Bi-lateral	Direct distribution of food aid	NGOs that are registered in Canada	There is no matching grant requirement. ITSH is always covered. Administrative costs are covered, when judged appropriate.
International Humanitarian Assistance Division (IHA)	Short-term funding for **non-food** emergency relief, including disaster preparedness activities: • Health • Nutrition • Water and sanitation • Household Shelter needs • Support for repatriation	Canadian NGOs approved by the Canadian Treasury Board	No matching grant required. Contributions of other organizations and CARE Financial commitment is taken into consideration in funding determinations.
Canadian Food Grains Bank (CFGB)	Commodity purchase and deliveries	Any eligible Canadian NGO	Requires four to one match.
Responsive Program	Commodity purchase and deliveries	Any eligible Canadian NGO	Funding only covers food purchase; CARE is responsible for ocean transport and ITSH.

3. Australia

Aus. AID (formerly AIDAB)--Food Assistance

Type	Description	Eligibility	Comment
Bi-lateral developmental aid (BDFA)	Program food aid: the proceeds of market sales being either tied to development activities or for use as budget support or structural adjustment assistance Project food aid, in which food aid is distributed in kind to target groups for development purposes	Host country governments	Not directly available to NGOs
Multi-lateral developmental food aid donated through WFP	Multi-lateral programming	WFP	Not directly available to NGOs
Emergency/refugee food aid projects	Emergency programming, including triangular and local purchases, and monetization where appropriate	WFP, NGOs or by bi-lateral donation	All Australian food aid is given on a grant basis.

4. European Union

European Union Food and Other Assistance

Type	**Description**	**Eligibility**	**Comment**
Direct food aid	Bi-lateral funding	Host governments	Not directly available to NGOs
Food Aid Operations financed through the EC Food Aid Unit with commodity procured through Euronaid	The food aid operations have the following objectives: • To promote food security of households or communities in developing countries • To raise the standard of nutrition in the recipient population • To help in famine situations • To support efforts by recipient communities to improve their own food production • To support development activities required in order to tackle the causes of the problems Includes food for work, monetization and free food distribution.	ablished autonomous, non-profit NGOs in a member state of the European Union, in accordance with the legislation in force in that state; ad offices in one of the member states of the European Union; ad offices must be effective decision-making center for all operations related to food aid and food security funded by the Commission. lk of their human and financial resources must be of European (Union) origin.	Euronaid will only reimburse, upon submission of **<u>original</u>** documentation for all transportation, administration and related costs up to CARE's main warehouse. Costs of delivery and distribution are typically 10% <u>more</u> than the amount allowable for reimbursement. Other funding sources must be located to cover costs not covered by Euronaid, such as storage, end-use distribution and monitoring. Payment is based on an advance/reimbursement system and CARE must have some other source of funding for initial expenses.
Emergency Food Aid (through ECHO)	Provides assistance as a response to a sudden natural or man-made disaster. Covers a period of 90 days.	Same as above	Approved funding will be at least 10% less than real costs to CARE. Pays up to 80% of contract up front, rest reimbursable, remaining 20% cannot be requested until final reporting completed.
Co-financed Programs	Purchase of: • Food products • Seeds • Tools • Transportation	Same as above	Products must be purchased in Europe or in developing countries. EC contributions are fixed between 25% and 75% of approved expenditures up to a maximum of 400,000 ECU.
Storage programs for food products and seeds	Activities to prevent the deterioration of food stocks	Same as above	Costs must be less than 400,000 ECU.

EURONAID is a non-profit association set up in 1980. The organization was created by NGOs with the support of the EC Food Aid Division to coordinate NGO food aid and expedite approvals for food aid. Euronaid acts as an intermediary between the Commission of the European Community (CEC) in Brussels and NGOs for procurement, marine transport (and, if required, inland transport), insurance, and processing of NGO financial claims. Euronaid also acts as a forum for NGOs to advocate changes in EC policy on food aid.

European Union Member States

Type	Description	Eligibility	Comment
United Kingdom: Overseas Development Administration (ODA)	Humanitarian assistance in emergency situations. ODA allows for both direct distribution and monetization of commodities.	British NGOs	ODA has historically shown a great deal of flexibility with emergency food aid donations. Funding provided is always adequate to cover expenses.
The Netherlands: Rural Sector Program	Direct distribution Agricultural production Rural infrastructure development	Dutch NGOs	
The Netherlands: Other projects	Nutrition projects	Dutch NGOs	
Denmark: Direct donations		NGOs	Has funded programs in Somalia and the former Yugoslavia.

B. World Food Program (WFP)

WFP, the food aid arm of the United Nations, began operations in 1963 and handles the majority of food aid distributed worldwide. Because of a dramatic increase in emergencies and refugee programs in recent years, the focus of the majority of WFP budget allocations has shifted from development projects to emergency food aid operations. CARE country offices provide specific services to WFP, such as storage, transport of food to feeding sites, distributions of food to beneficiaries, and monitoring.

CARE performs similar services for the United Nations High Commission for Refugees (UNHCR).

WFP Food Assistance

Type	Description	Eligible	Comment
International Emergency Food Reserve (IF)	Comprises the equivalent of at least 500,000 MT of cereals annually Annual allocations set aside for US$ 15 million Intended to respond to sudden disasters and abnormal droughts, and providing initial assistance (for the first 12 months) to refugees and displaced persons. For WFP purposes, emergencies fall into three categories: • Sudden natural disaster • Food scarcities due to drought or crop failure • Population displacements due to war.	WFP	Not a physical stock: the commodities are neither owned nor physically held by WFP. It is only a portfolio of pledges which WFP is able to call on. Food is rarely pledged in advance of requirements, limiting considerably the "stand-by" nature of the reserve. There is often insufficient funding to cover the 50 percent ITSH subsidies.
Protracted Refugee Operation (PRO)	Donors pledges in a similar manner as the IF. An annual allocation fixed at US$ 30 million For use after the first 12 months of an emergency Funding through this mechanism can be used to support the following types of interventions: • Education or training projects • Public/development works projects (as food for work) • Projects which promote recovery and development, including agricultural rehabilitation and the creation of employment. • Targeting assistance on the poorest and most severely affected	WFP	Same as IF
Support to Small Scale NGO Projects	Small amounts of food granted to NGOs by the WFP Country Director for use in projects having objectives and target groups similar to WFP projects.	NGOs	The food will be borrowed from an on-going project or taken from a reserve attached to the project. No consultations with WFP HQ in Rome are required, the lead-time can be short. The Country Director can grant food up to a value of US$ 200,000 per year or 10 percent of the value of the total food commitments to a project. WFP does not provide cash contributions. The availability of the commodities in stock determines the content and size of the contribution.
Development projects	Commitment of 2.8 billion to ongoing projects designed to assist developing countries improve their economies and social programs. Activities include: • Environmental protection • Resettlement of communities • Health and nutrition • Education and human resources development • Forestry • Infrastructure and transportation • Fisheries • Food-for-work • School feeding.	WFP	Often works with government counterpart agencies that lack sufficient capacity to design and implement projects

CARE customarily has the following responsibilities:

- Logistical management of storage
- Secondary transportation
- Distribution
- Monitoring
- Identify target groups at local level
- Supervise food distribution
- Insure that allocated quantity is provided free to beneficiaries
- Cover costs related to establishment, administration, management and overhead
- Recruit, hire, and supervise operation staff as needed
- Procure and hire vehicles, office and communication equipment
- Comply with UN safety instructions.

WFP's responsibilities are as follows:

- Make available specified amount of food, in specified packaging and specified tranches
- Deliver food to designated points
- Provide ITSH costs for actual amount of food delivered at agreed-upon rate, or costs actually incurred
- Provide 50% of ITSH funds in advance, additional 25% during distribution, and balance upon completion of distribution
- Inform authorities of activities
- Provide support in obtaining documentation and authorizations from government
- Keep CARE informed of safety measures
- Facilitate evaluation of CARE staff, if needed.

C. Donor Agreements

Agreements between CARE and donors come in a variety of different forms. PL 480 Title II programs are primarily based on CARE's multi-year DevelopmentActivity Proposals or emergency operation proposals, AERs, and budgets. Approval is by letter and/or a Transfer Authorization which incorporates the requirements of Public Law 480 Title II and AID's Regulation 11 which govern all Title II programs. CARE and USDA enter into specific agreements for section 416 or Food for Progress projects. WFP may enter into an agreement with a country office each time there is a shipment of food that comes into a country.

Agreements are reached between CARE USA and donors as follows:

1. CARE USA Lead Member

- Government donors through CARE USA Regional Management Units (RMUs) with support from the Food Security Unit (FSU). Country offices must comply with all requirements negotiated with the donor.

- Other bi-lateral donors with country offices working through other CI members. For example, CARE Britain will enter into agreements with ODA on behalf of a CARE USA lead member country. The country office programming the food must then comply with all ODA requirements. The CI members that obtained the resource and CARE USA should also sign an agreement that specifies CARE USA's responsibility and liability.

- WFP or other multi-lateral donors such as UNHCR. In some cases, a country office will contract directly with WFP for each shipment of food that arrives in country. In other cases, the CARE USA Emergency Group will negotiate an agreement for a country office. In either case, once the agreement is signed, the country office must comply with all requirements negotiated with the donor.

2. Other CARE International Lead Member

U.S. Government donors through CARE USA regional managers with support from the FSU. For example, CARE USA will enter into an agreement with the Office of Food for Peace on behalf of another CI lead member country. The country office programming the food must then comply with all Food for Peace requirements.

CARE USA and the CI member should also sign an agreement stipulating that in accepting the U.S. Government food resources all responsibilities and liabilities are assigned to the CI lead member and its country office.

In all cases, CARE USA RMUs and country office senior managers must be familiar with donor agreements and understand what CARE's obligations are under them **before** accepting food or other related program resources.

Every effort must be made by country offices, CARE USA and other CI member headquarters to communicate fully with each other while negotiations are going on with donors to avoid surprises after agreements have been signed.

At a minimum, the guidelines below should be followed **before** CARE USA regional managers and senior managers of country offices assume responsibility for donor resources:

General Guidelines for Entering Into Donor Agreements

- Be familiar with donor laws and regulations governing the food resource. For non-U.S. Government food aid, managers should request copies of donors' most recent laws and rules.
- Review copies of all donor letters of intent, agreements, and contracts.
- Complete the long-form checklist for food resources valued at USD$ 500,000 or more, or the short-form checklist for resources valued at USD$ 499,000 or less. Answers for the checklist may be found in the agreement itself or in the original project proposal.
- Pay particular attention to indemnity and liability provisions. CARE USA and the country offices should not be liable for unavoidable food losses (e.g., thefts or acts of civil disturbance). The agreements should limit the liability of CARE USA and country offices only to food losses resulting from their intentional wrongdoing. If the agreement (or the assignment relaying responsibility to CARE USA and/or the country office) cannot be revised to reflect that provision, the agreement must be approved by the Senior Vice President of Program, in consultation with executive staff, before food resources are accepted and before any agreement or assignment is signed by the country office or CARE USA.
- Be sure there is adequate funding to cover program management and monitoring costs. If the agreement cannot be revised to reflect this, it must be approved by the Senior Vice President of Program in consultation with executive staff before food resources are accepted and before any agreement or assignment is signed by the country office or CARE USA.

D. Donor Agreements During Emergencies

In emergency situations, CARE may not be able to comply with some or all donor requirements and regulations for a period of time. Therefore, CARE USA should include a *best efforts clause* in the agreement. CARE, its counterparts and the donor agree that CARE and its counterparts will make their best effort to comply with the donor's requirements during the emergency, but that CARE or its counterparts will be relieved from partial or full liability if conditions make compliance extremely difficult or impossible. If the donor has specific requirements that would be difficult to meet in an emergency, refer to those requirements in the best efforts clause. Then the country office and regional managers must notify the donor of all constraints and request written waivers of any requirements which cannot be met.

An example of a best efforts clause could be:

> *CARE will make every effort to maintain acceptable standards for program management and monitoring in (country or region). (Name of donor) acknowledges that due to current instability, insecurity and absence of law and order, CARE will not be held accountable for any losses of food assets or supplies supporting the emergency program resulting from damages, diversions, misappropriations, sales or other that are caused by acts over which CARE has limited or no control.*
>
> *CARE and (name of donor) will jointly determine when acceptable standards for program management and monitoring in (country or region) will be reinstated.*

Add specific provisions as necessary.

A best efforts clause can never be a justification for poor programming. Poorly staffed operations and inadequate systems to manage food are not acceptable standards for CARE programming and they will certainly never impress donors.

There is no fixed rule about when to use a best efforts clause. Conditions and situations in countries vary, and each country office must make an honest assessment of its ability to comply with donor requirements when the proposal is submitted or if conditions change substantially, after the contract is awarded.

If a donor does not agree to the best efforts clause, CARE must carefully balance the importance of carrying out a program against the realistic risk of exposure to financial liability. In these cases, the Senior Vice President of Program in consultation with executive staff must approve the program before agreements are signed or decide whether the program continues in spite of unexpected emergency conditions which may have arisen. If it is still in the country office's interests to carry out or continue a program, country offices and counterparts must comply with all donor laws and rules.

E. U. S. Government Agreements

1. PL 480 Title II

An emergency operational plan submitted by CARE may propose the waiver of any section of USAID Regulation 11 that is not required by statute. The waiver is in effect a best efforts clause. Discuss the waiver with the local USAID missions and ask them to support it. Agreements on waivers should be included in project agreements or any other written correspondence to CARE. Agreements should not be signed if USAID has not approved the waivers.

2. Section 416 and Food for Progress

The plan of operation submitted by CARE may propose the waiver of any section of the regulations relating to Section 416 or Food for Progress Programs. The Commodity Credit Corporation (CCC) incorporates the plan of operation into the program agreement. Section 416 and Food for Progress regulations stipulate that if there is a conflict between the plan of operation and the program agreement, the program agreement prevails. For this reason it is essential to inform the Agricultural Counselor or Attaché in the local US mission of any proposed waivers when the proposal is submitted. Notify CARE-USA Headquarters Regional Management Units, the Emergency Group, and the Food Security Unit not to sign the emergency agreement if the CCC has not approved the waivers. If the program agreement is signed and the waiver(s) are not approved, be prepared to follow all the requirements of the regulation.

F. Agreements with Other Donors

While other donors may or may not have specific regulations for granting waivers, that is, allowing the inclusion of a best efforts clause, country offices should discuss waivers with the donor's local representatives and insure that any waivers are written into project agreements. RMUs or the Emergency Group at CARE USA Headquarters and other CI members negotiating with the non-US donor should be advised, and they should give approvals for carrying out programs, as required.

II . COUNTERPART AGREEMENTS

A. General

When food aid is programmed by counterparts, all agreements must include provisions that require the counterpart to:

- Accept donor laws and regulations related to the food aid
- Accept and implement CARE's standards and procedures for managing food as set forth in this Manual, procedures set forth in CARE's *Overseas Financial Manual and Procurement Manual for Overseas Operations, Almis #4496, Commodity Management Manual* and other established policies and procedures
- Agree to reimburse CARE for any loss or damage to food caused by the negligence or intentional action of managers or staff of counterparts.

See also the CARE USA ***Grants Management and Compliance Manual for USAID and Other Donors,*** Section 5, "Managing Sub-agreements and Sub-recipients," and Appendix X for further information on areas that need to be included in agreements with counterparts.

B. National Governments

Before CARE program operations begin in a country, CARE must enter into an agreement with the government. The basic agreement provides the framework for program activities and defines the roles and responsibilities of CARE and the government. Often there is a general agreement with a ministry like Foreign Affairs, and then a specific agreement with one or more ministry counterparts--for instance, the Ministry of Health and/or Ministry of Agriculture. See ***CI Procedures for Basic Agreements***. Basic agreements may include certain provisions relating to food aid or they may be part of other specific agreements.

The following areas should be covered in specific agreements:

- Types of program interventions
- Areas of operation
- Roles and responsibilities of national, regional, and district officials and staff including warehouse managers and storekeepers
- Names of persons authorized to approve losses and authorize warehouse managers and storekeepers to remove losses from warehouse inventory
- Procedures for accounting for and turning over to CARE proceeds from the sale of unfit food to CARE
- Responsibility to submit Commodity Status, distribution site or other reports to CARE

- Number of beneficiaries
- Total amount of food and size of ration
- Resource commitments to a project by CARE and Government--staff, financial, materials, equipment, and training
- Right of CARE to visit and monitor ports, warehouses and project sites where donated food is being stored or used
- Transport of food to government warehouses and use of storage space
- General provisions granting duty-free import of food.

CARE may also be required to obtain other duty-free clearances for each individual shipment to import food into the country, including:

- Requests for duty-free status at the time CARE receives the Notice of Arrival of a shipment from a CARE International member or a donor
- Clearances from the Ministry of Health for food inspections and certifications
- Import licenses for grains or other agricultural commodities from the Ministry of Agriculture.

C. Regional or Local Governments, Local NGOs and Community-Based Organizations

The general and specific areas covered for national agreements, as appropriate, should also be included in agreements under this section.

Since programs carried out at local levels are the direct link to program beneficiaries, agreements must also cover:

- Names and titles of persons responsible for programs
- Names of persons in possession of keys to local warehouses storing food
- Names of persons authorized to approve losses and make adjustments to warehouse inventories
- Procedures for selecting and registering beneficiaries
- Procedures for graduating or terminating beneficiaries from program
- Procedures for recording actual distributions to beneficiaries--number of beneficiaries and amounts
- Procedures for tracking the receipt, storage, and distribution of food
- Procedures for regularly reporting food balances in stores and total amount distributed to beneficiary by commodity

- Standard measures to scoop grains or processed foods, or to pour oil into containers used by beneficiaries
- Site monitoring by CARE field staff
- Provisions for assessing monetary penalties or filing criminal charges for damages or losses of food
- Mechanisms for suspension or termination of programs.

Agreements with regional and local governments, local NGOs, and other community-based groups should be written in English or another official language (French), kept up to date and renewed annually. Agreements must be kept on file in CARE or designated counterpart offices.

As local laws and customs govern agreements, country offices should use local attorneys to prepare documents or review and comment on any drafts prepared by CARE.

III. CONTRACTS

Written contracts protect against misunderstandings and are the best form of evidence if there is a legal problem.

Internal Control

While verbal contracts may be enforceable, CARE requires all contracts related to the receipt, warehousing, dispatch, and distribution of food to be in writing.

A well-written contract will have no effect if the person or organization does not have the ability to perform. Investigate the person or organization with whom you propose to contract. What is their reputation with other organizations? Have they successfully performed similar contracts in the he past?

Country offices should use local attorneys to prepare contracts or to review and comment on any drafts prepared by CARE staff.

Contracts for goods or services must be awarded according to the policies and procedures stipulated in CARE USA's ***Procurement Manual.*** Three or more written quotations are required when the expected value of the contract exceeds US$500 unless:

- Goods or services are not available from three companies or individuals.
- Emergencies or other conditions justify the lack of three written quotations.

Analyze written quotations and award the bid according to cost, ability to perform, quality, and payment terms.

A. Shipment Contracts

Shipment contracts to transport food from the country of export to the country of import are usually negotiated by the CARE International member or donor who procured the food. However, the country office should understand the terms of the contract. Moreover, the country office can provide advice about country specific situations requiring special attention in shipping contracts.

The CARE USA Procurement Office should send copies of all shipping contracts to country offices. For non-U.S. Government food, country offices should request copies of contracts from the shipping agents of the donors, or from CARE International members who assisted the country office in obtaining food.

Country Office Example

In the past, CARE Peru did not receive a copy of the shipping contract. This meant that staff had to rely on the ship's captain to inform them about the time and manner of unloading food, whether staff could come on to the ship and inspect the holds, who was responsible for paying food handling charges, and what documents were required from the shipping company. CARE Peru now obtains a copy of every shipment contract. Staff are therefore better prepared to deal with problems that arise with the shipping company.

Through Bills of Lading

To assure that food shipped to designated warehouses on a Through Bill of Lading is delivered on time, CARE should include clauses in contracts with shipping companies that stipulate:

- Penalties for late delivery of food
- Payment only after delivery is completed.

B. Independent Surveyors

Independent survey reports document the quantity and condition of the food discharged by the shipping company at port or other designated location against the Bill of Lading. They also document the nature and extent of any losses that are the responsibility of the shipping company. See ***Port*** for more information about carrying out independent surveys.

Checklist for Independent Survey Contracts
Discharge (Ex-tackle) and Delivery Surveys

General

- Name of the survey company
- Duration of the contract, terms for renewal and termination
- Amendments, in writing, to the contract
- Cancellation of contract for material breaches
- Insurance to cover losses, and/or, as necessary, posting of performance bonds
- Name of person authorized to sign contract for surveyor
- Force Majeure clause
- Right to sub-contract with CARE approval
- Payment terms-- minimize advances to the extent possible. Generally, pay for a service when it is completed and service satisfactory to CARE
- Type of payment, US$, other currency
- Delay or reduction of payment if reports are inaccurate or not timely
- Timely reports to be furnished
- Format and content of reports - ex-tackle (discharge) and delivery surveys
- Amount and description of food discharged or delivered
  - Food in original and packaging and good condition
  - Disposition of sweepings
  - Food damaged, type of damage, and probable cause
  - Food unfit for human consumption
  - Food reconstituted
  - Short- or excess-landed or delivery
  - Total losses
- Reports to be written in English
- Number of tally clerks to be assigned to discharge and delivery surveys and attachment of tally sheets to survey reports
- Daily discharge or delivery tally sheets are to be submitted with survey report
- Liability for indemnification or damages includes payment of penalties for failure to perform as per contract
- Provisions for settlement of disputes, enforcement of the contract, and payment of damages to CARE (includes settlement at CARE/USA or surveyor's international headquarters if appropriate.)

Ex-tackle survey

- Identification of shipment and time of unloading
- Reports based on direct observation of cargo
  - Observe the holds of ship prior to unloading
  - Observe cargo as it is off-loaded
  - Observe containers as they are unstuffed
  - Description of condition of food including sweepings while in ship holds.
  - Describe type and probable cause of damages.
  - Amount and description of food unloaded. See general areas above.

Delivery Survey

- Direct delivery by truck from the port
- Observe trucks before loading
- Observe and count bags and containers of food as they are loaded onto tucks
- Time and place of delivery of food
- Direct observation of delivery directly to trucks from ship or from port warehouse
- Observe trucks or port warehouses before dispatch
- Observe bags, tins, pails of food as they are loaded onto truck
- Description of condition of food while in port warehouse, including damage

C. Clearing and Forwarding Contracts

In most country offices CARE or its counterparts contract with a clearing and forwarding agent to clear food through customs and to forward food from the port to CARE or counterpart warehouses or, in some cases, directly to distribution sites.

The quality of clearing and forwarding services varies from country to country and among organizations offering these services within a single country. In some countries there may be considerable competition, while in others only one or two companies offer services.

Checklist for Clearing and Forwarding Contracts

- Name of clearing and forwarding company
- Duration of the contract, terms of renewal and termination
- Amendments, in writing,to the contract
- Cancellation of contract for material breaches including failure to pay
- Insurance to cover losses, and/or, as necessary, posting of performance bonds
- Name and title of person authorized to sign contract for clearing and forwarding agent
- Force Majeure clause
- Right to sub-contract with CARE approval
- Lines of authority--name(s) and title(s) of person at CARE or a counterpart to whom agent reports
- Type of currency--US $, other currency
- Payment terms:
  - Minimize large advances to the extent possible
  - Require the company to finalize the account within a limited number of days after shipment is discharged
- Supporting documents submitted with invoices:
  - Copies of all port invoices for landing fees, port warehouse, storage, and labor charges
  - Copies of signed registers for payments to laborers for reconstitution of damaged food and moving food from warehouses to tracks or railcars for onward transport
- Services to be performed:
  - Clearing-- payment of port fees, import licenses, obtaining customs clearances, stamps, and phyto-sanitary certificates
  - Forwarding-- arrangements for food transport directly from vessel or from port transit sheds to CARE or counterpart warehouses or direct distribution sites
- Documents to be used and routing of documents:
  - CARE dispatch waybills
  - CARE Loss and Adjustment Reports
- Responsibilities for damaged food:
  - Reconstitution of damaged food
  - Analysis and disposition of food suspected to be unfit for human consumption
- Liability for indemnification or damages, including payment of penalties for failure to perform as per contract
- Provisions for settlement of disputes, enforcement of the contract, and payment of damages

D. Warehouse Service

CARE may contract either for warehousing services or only for the lease of a warehouse. As a general rule, CARE country offices or their counterparts should not store food in any warehouse not under CARE or the counterpart's direct control, nor should food be stored with other "non-CARE" food, material, equipment, or supplies.

Checklist for Warehouse Service Contract

- Name of company providing services
- Description of food and amount to be stored
- Duration of the contract, terms of renewal and termination
- Amendments, in writing, to contract
- Cancellation of contract for material breaches including failure to pay
- Insurance to cover losses, and/or, as necessary, posting of performance bonds
- Name and title or person authorized to sign contract for warehouse
- Force Majeure clause
- Right to sub-contract with CARE approval
- Services to be performed, including provision that contractor accepts CARE's policies and procedures relating to warehouse storage, receipt and dispatch of food
- Accounting for inventory
- Documents to be used
  - Receipt and dispatch waybills
  - Loss and Adjustment Reports
  - Warehouse inventory ledgers
- Reports to be filed and due dates
- Repairs and maintenance to warehouse (Refer to ***Storage and Handling*** for specific requirements)
- Warehouse security (Refer to ***Storage and Handling*** for specific requirements)
- Whether other items can be stored in same warehouse with food
- CARE's or counterpart's right to inspect warehouse where food is stored
- Payment terms**--**avoid large prepayments to the extent possible
- Type of payment-- US$, other currency
- Liability for indemnification or damages, including payment of penalties for failure to perform as per contract
- Provisions for settlement of disputes, enforcement of the contract, and payment of damages.

E. Leasing a Warehouse

Checklist for Warehouse Leases

- Name of landlord
- Description of food and amount to be stored
- Duration of the contract, terms of renewal and termination
- Amendments, in writing, to the contract
- Cancellation of contract for material breaches including failure to pay
- Insurance to cover losses, and/or, as necessary, posting of performance bonds
- Name and title of person authorized to sign contract
- Force Majeure clause
- Assignability of contract
- Right to sublease with CARE approval
- Identification of property to be leased, including fixtures and equipment that are part of the lease
- Security deposit, if applicable, and conditions for return
- Insurance on structure
- Insurance on contents
- Bonding of warehouse managers, storekeepers, and security guards
- Payment terms:
    - Minimize large prepayments to the extent possible
    - Due dates for rent payments
    - Penalties for late payments
    - Type of payment-- US$, other currency
- Repairs to structure:
    - Right of lessee to repair and deduct cost from rent if landlord does not repair within required time
    - Repairs distinguished from ordinary maintenance and party responsible for ordinary maintenance
- Responsibility for security of warehouse
- Right of lessor to enter and inspect the warehouse only with advance written request and when accompanied by CARE staff
- Liability of lessor for indemnification for damages, including payment of penalties for failure to perform as per contract
- Provisions for settlement of disputes, enforcement of the contract, and payment of damages.

F. Security Service Contracts

CARE may enter into contracts for security services for warehouse operations. Specify the duties of the security service and their responsibilities for losses due to theft.

Checklist for Security Service Contracts

- Name of security service
- Description of food and amount to be protected
- Duration of the contract and terms of renewal and termination
- Amendments, in writing, to the contract
- Cancellation of contract for material breaches including failure to provide security guards on timely basis
- Insurance to cover losses, and/or, as necessary, posting of performance bonds for company and individual security guards
- Name and title of person authorized to sign contract
- Force Majeure clause
- Right to sub-contract with CARE approval
- Hours of service
- Number of guards per shift
- Background check on guards
- Bonding of security guards
- Documents and reports to be completed:
  - Signing for entrance and exit to the building
  - Reports on thefts or attempted break-ins
  - Log of activities performed by person on duty
- Specific duties:
  - Checking the premises every hour
  - Checking for locked doors and windows
  - Checking contents of bags or briefcases of people leaving the building
- Use of force and deadly force--when and if permitted
- Liability of security company and individual guards, as appropriate, for indemnification or damages includes payment of penalties for failure to perform as per contract
- Provisions for settlement of disputes, enforcement of the contract, and payment of damages.

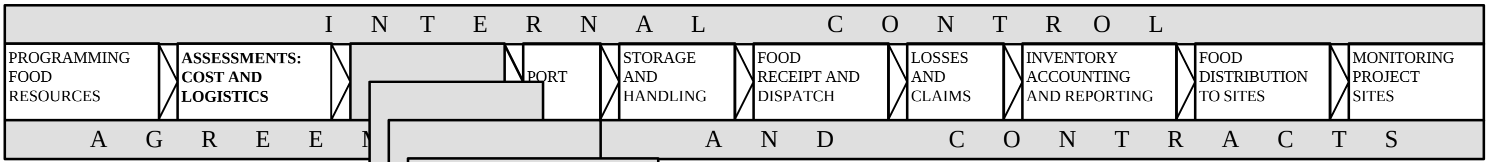
G. Transportation Contracts

Before entering into a transportation contract, insure that the transporter is reputable. Speak with other organizations that have used the transporter to determine past performance. Look at the transporter's fleet as well as repair facilities and spare parts stores. If the transporter does not have the capability to perform, a well-written contract will do little to deliver food to locations that need it.

Checklist for Transportation Contracts

- Name of transporter
- Description of food and tonnages to be transported
- Duration of the contract and terms of renewal and termination
- Amendment of the contract
- Cancellation of contract for material breaches including failure to provide trucks on a timely basis or unacceptable losses of food during transport
- Name and title of person authorized to sign contract
- Force Majeure clause
- Right to sub-contract for independent transporters with CARE approval
- Routes and loading and unloading locations
- Name(s) and title(s) of CARE staff who direct the transport operation
- Precautions to be taken by the transporter in inclement weather
    - Use of tarpaulins
- Responsibility to keep trucks in good condition, repaired, maintained, insured, and properly licensed:
    - Insurance required by law of country of operation
    - Licensing, both for trucks and chauffeurs required by law of country of operation
    - Insurance or security deposit over contents transported
- If fuel is obtained by CARE, a description of how fuel will be allocated and controlled
- Responsibility for supplying spare parts, if applicable
- Transportation rates and examples:
    - Per metric ton per kilometer
    - Per kilometer or per route
    - Per time period, e.g., per week or month
- Handling cargo on return trips
- Responsibility for loading and unloading food, including costs of labor
- Documents to be used and routing of documents
    - Waybills signed by transporter at dispatch and upon receipt
- Procedures and responsibilities for losses:
    - Reconstitution of damaged food
    - Commodity suspected to be unfit for human consumption
    - Short deliveries
    - Waybill signed by transporter and warehouse manager or storekeeper at dispatching and receiving warehouse is primary source document for determining damages

- Procedures and responsibilities including use of waybills for returning food to dispatching warehouse.
- Payment procedures:
    - Payment based on invoice submitted with copy of waybill signed by transporter and receiver
    - No payment for missing or damaged food
    - Type of payment -- US$., other currency
- Claims against transporter for missing or damaged food in in-transit or temporary storage in transporter's warehouses
    - Deductions from transporter's invoice:
    - Method of calculating value of claim:
        - local market value of food
        - local market value plus percentage as a penalty
        - other
- Penalties for delay and noncompliance with delivery schedules
- Waiver of liability for CARE for any death or damage to persons or property caused by the transporter's trucks while carrying food from CARE or counterpart warehouses
- Provisions for settlement of disputes and enforcement of the contract



Call Forward and Procurement

Chapter 5

Click on the title of any section below to view

I. OBTAINING THE FOOD

A. Sources

For a summary of types of funding and food which is available from donors, see ***Agreements and Contracts*.**

B. Estimating Food Requirements and Time For Arrivals

1. Amount of Food Required

The Annual Estimate of Requirements (AER) required by USAID for PL 480 Title II programs is an example of how to estimate the total quantity of food needed for a program. Simply put, the ration size x population size x the number of distributions = the total amount of food required.

A plan also helps determine when the food needs to be called forward from the donor country and how much needs to be procured over the life of the project. See **Attachments** for an example of an AER. The important points to note are that lines 1 - 8 take into account what the overall program requirements will be, and lines 9 - 17 take into account expected receipts, distributions, any in-country stocks and a percentage for a reserve to anticipate losses. Line 17 shows the estimates of the <u>actual</u> amount of food that will be needed during a program year. The Office of Food for Peace will base its approval for a program on the Line 17 figures. Similar estimates can be done for other donors. See **Attachments** for a useful summary of issues related to timing of purchases, packaging, freight rates and cargo size that should be taken into consideration.

The plan for estimating tonnage needs should include the following basic information:

- Type of program
- Number of recipients
- Number of feeding days per month
- Number of operating months per year
- Number of recipients per food type
- Ration size per food type
- Total amount requested by type of program and food type
- Expected arrivals and distributions of food by the end of the current fiscal year
- Desired operating reserve
- Total adjusted food requirement for the next fiscal year.

2. Procurement Timetable

Once estimated food needs are determined, country offices must also estimate the amount of time it will actually take to deliver food to project beneficiaries. To receive food in time for distribution, country offices must plan and request shipments of food well in advance.

The following two examples show of the length of time it takes to submit proposals to donors and then to receive food for distribution to beneficiaries. Unless there are already pre-positioned stocks in-country or food that can be easily diverted from other areas, it may take as long as six months before food reaches beneficiaries, even in emergencies.

Example - AID - PL 480 Title II

AERs are normally submitted by country offices more than a year and a half before the last quarter call forward is distributed. For example, for USG FY 1995 (October 1, 1994 - September 30, 1995), the Development Project Proposal and AER were prepared in February or March 1994, and the last call forward for the FY 95 program had to be in AID's Office of Food for Peace by the end of June 1995 in order to assure the arrival of food in the host country sometime between October and December 1995. This means that more than a year and one half can pass from the time the DPP is prepared and submitted to Food for Peace and the final distribution of the FY 95 food to program beneficiaries.

Example - European Union

EC allocations are made in three periods throughout the relevant fiscal year. CARE country offices can submit a request under any of the three periods. The closing dates for requests and allocations to the EC via Euronaid are shown below.

EC/Euronaid Scheduling

Timing	Submission Period	Allocation Period	Departure from European Port	Arrival in Host Country
Period 1	Requests received by EC on 1 October	January of the following year	June/July	August/ September
Period 2	Requests received by 15 January	April	September/October	December/ January
Period 3	Requests received by 1 July	October	April/May of the following year	July/August

C. Call Forward

The call forward is a request for delivery of a specified amount of food to a particular country program for use at specified periods of time. While distribution of all food may span more than a year and a half, the call forward process arranges for export of food from donor countries or sources on a regular basis throughout the life of the project. To prepare a call forward country offices must know existing balances of food, expected arrival times of shipments already requested and how much food they plan to distribute. Once the call forward is approved, the donor procures the food and arranges shipments with CARE.

See **Attachments** for the U. S. Government's PL 480 Title II monthly purchase schedule for processed food. Call forwards for Title II programs must be consistent with the purchase schedule. While there are differences in purchase times if food is shipped in bulk or in bags or containers, call forwards must be timed to match the purchase and shipping periods that will get food to a program as quickly as possible. **To assure timely approval of Title II call forward requests by AID, country offices should submit requests to the Procurement Office by the 25th day of each month.**

For food from other donors, country offices should contact the CI member who submitted the proposals.

To meet donor purchasing schedules and insure that food will be available on time, country offices must estimate the interval between the time the call forward is approved and the time the food is available for consumption. If a country office wanted food exported from the United States by October 1995, a call forward must have been submitted to USAID by July 1995

To facilitate planning for the Procurement Office, other CI members and donors, country offices should provide CARE USA's Procurement Office and Food Security Unit or the appropriate CI member with projected call forward schedules for an upcoming fiscal year, i.e. the times during the year food will be called forwarded from the exporting country.

1. Commodity Pipeline Analysis

Commodity pipeline analyses provide information about where food is in the project pipeline, whether there will be a continuous, uninterrupted flow of food for distribution or whether there may be interruptions. The pipeline analysis takes into account all food resources that are on order, on the high seas, at the port, in local warehouses, in transit to distribution sites, and available at the sites. It also takes into account the time it will take for the food to move through the pipeline. Using the following format for a pipeline analysis, a call forward can be prepared and submitted to the Procurement Office which submits it to the Procurement Section of USAID's Office of Food for Peace in Washington.

If country offices have different types of projects, e.g., supplementary feeding and food for work, separate pipeline analyses are done for each project and then consolidated into one overall analysis.

COMMODITY PIPELINE ANALYSIS

To Determine Call Forward Amount for USG FY 1st Qtr. Oct - Dec	Type of Commodity (in MT)
STOCK BALANCE	
1) Stock balance in CARE or counterpart warehouse as of 30 June	
EXPECTED	
2) Calls forward not yet shipped	
3) Shipments on the seas (includes shipments at port, but not surveyed)	
4) Loans / transfers to be received from other NGOs	
5) Total available for distribution (1+2+3+4)	0
DISTRIBUTIONS	
6) Estimated distributions July 1 - December 31	
7) Repayments of loans to other NGOs	
8) Estimated loans / transfers to other NGOs	
9) Total estimated distributions July 1 - December 31 (6+7+8)	0
PLANNED DISTRIBUTIONS JAN-MAR	
10) Estimated distributions for Jan - Mar	
11) Repayments of loans to other NGOs	
12) Estimated loans / transfers to other NGOs	
13) Total estimated distributions Jan - Mar 31 (10+11+12)	0
TOTAL DISTRIBUTIONS JULY 1 - MARCH 31	
14) Lines 9 + 13	0
LESS TOTAL AVAILABLE	
15) Line 5	0
RESERVE	
16) 5% (of line 14) reserve for expected losses. If more than 5% discuss with USAID	0
TOTAL CALL FORWARD AMOUNT	
17) Call forward amount (14+15+16)	0

2. Submission of Call Forward

Call forwards are submitted to the local USAID office and to CARE USA's Procurement Office for U.S. donors, and through CARE International member offices for other donors. Usually, each call forward covers projected quarterly needs, although intervals can be shorter or longer for development or emergency programs. See **Attachments** for an example.

3. Content of the Call Forward

Donors may require different information for call forwards, but in general they should contain:

- Types and quantities of food
- Package sizes
- Port of destination
- Shipment mode (i.e., container specifications)
- Timing of the food arrival
- All required sanitary certifications
- Local donor representative endorsements.

4. Unavailability of Requested Food

There may be instances where requested food is not available because of a lack of availability, seasonal constraints, or poor harvests. Also, when food is purchased commercially, factors such as trade agreements or other market conditions may push the dollar value of the food over the amount budgeted by the donor for purchases. In order not to cause breaks in food pipelines, country offices may want to indicate alternative foods.

D. Purchase of Food by Donors

Once donors receive a country office's call forward, they arrange to procure food usually on a competitive bid basis from suppliers in the donor's country. The donor is responsible for tendering, insurance, procurement, and dispatch of shipments from their origins to the primary (and sometimes secondary) point of distribution. Country offices will only become involved with procurement of food or other goods if they are purchased locally or if donors have given permission to buy in other countries.

1. Specifications

To assure that food is of good quality and fit to eat by program beneficiaries, donors and host governments require that food meet certain specifications. These may vary for different types of food. Country offices must make sure that the specifications established by the donor are consistent with those required by the country where the food will be consumed. If not, a ministry may refuse to let the ship discharge the food at the port or food could be held in a port warehouse until the government is satisfied it meets standards.

The factors listed below are taken into consideration by donors when they make their purchases:

- Maximum moisture content upon loading
- Maximum allowable bad and damaged grains
- Maximum allowable impurities
- Chemical treatments
- Country and year of harvest of the grain
- Shelf life of food
- Packaging of the grain
- Insurance terms
- Payment terms.

2. Packaging

Considerations involved in food packaging include:

- Program requirements
- Durability of the package or container
- Ease of handling
- Warehouse and storage capacity
- Composition of packaging
- Resistance to moisture and infestation
- Cost
- Reuse potential of the package or container.

Three types of standardized package are generally used.

Type of Food	**Package Size**	**Packaging Description**
Grains (wheat, sorghum, bulgur, rice) and pulses (peas, lentils, beans)	50 kg bags	Woven polypropylene fabric with an inhibitor to resist ultraviolet absorption and antiskid coating. Bags are often handled with hooks by dock workers, which can result in losses.
Blended and vitamin-fortified grain products including corn soy blend (CSB) and wheat soy blend (WSB)	25 kg bags	Multiwall paper bags with a 1-mm polypropylene liner. This food is moisture-sensitive and susceptible to infestation because of its high fat and caloric nature. The plastic acts as a moisture barrier and the outer plies resist tearing.
Vegetable oil	1 gallon can 5 gallon pails 55 gallon drums	Metal tins. One gallon tins suffer most leakages and damage during shipping.

3. Expedited Procurement Options

In emergency situations food is needed immediately. If normal procurement is too slow, shipments are delayed or the number of beneficiaries in a program have increased, country offices must examine a variety of options to obtain food more quickly. Suggestions include:

a. Transfers and Loans

CARE may request a transfer or loan of food from another CARE project or other organizations such as government, NGO, private or multilateral reserve stocks in country or in neighboring countries. A written request should be sent to the donor explaining the reasons for the request. While CARE is not obligated to repay food <u>transfers</u>, they are required to repay food <u>loans</u>. Both the donor and the organization supplying the food must agree <u>in writing</u> to the loan or transfer arrangements.

See ***Inventory Accounting and Reporting*** for information on recording these transactions in ledgers. In all cases, it is important to consider the quality of the food borrowed or used to pay back a loan, the logistics costs, and the time limit to pay back the loans. CARE should insure that loans are repaid according to the terms of the agreement.

b. Food Diversion

In some circumstances, food at a donor port or onboard a ship bound for a regular program may be diverted to an emergency program. The following steps should be taken to divert a shipment:

- Identify the amount of food needed.
- Obtain permission from the donor to divert the food, and, if the food belongs to an organization other than CARE, obtain permission to use the food.
- Agree in writing with the donor and other organization how the food will be replaced.
- Determine if the vessel can enter the intended port.
- Determine if there is sufficient storage to permit discharge of the food.
- Insure that a provision exists for payment of diversion charges.

Since diversion of food is difficult and expensive, this option should only be considered after all other means of procurement have proven impossible. The challenge is to replace the food before there is any negative impact on the program from which the food is diverted.

c. Prepositioned Stocks

To meet emergency needs, some governments and donors have prepositioned food at donor ports, in recipient country ports, in other regions of the recipient country, or in nearby countries, to be programmed through NGOs. The food reserves are most often in vulnerable regions, such as East Africa.

d. Local Purchase

This is often the easiest way of obtaining food and supplies, provided they exist in sufficient supply to meet the need. However, there is a tendency for prices to increase as procurement increases. Attention must be paid to price swings which affect those in the local population who are already in the low-income category.

Purchase of food locally generally reduces the risk that the food could be culturally unacceptable to the population.

Issues to consider in deciding to purchase food locally are:

- Terms of sale
- What currency to use and how payment will be made
- Credibility of local suppliers
- Tender process and minimum number of bids
- Impact of purchase on local economy
- Delivery of food in standard weight bags or containers.

II. SHIPPING FOOD

For a discussion of the different types of shipments and the shipping documents that accompany a ship's cargo see ***Port***.

A. Booking

The donor usually books the ocean transportation. When date of dispatch is known, the donor informs CARE USA's Procurement Office and its shipping agent, other appropriate CI members, and the country office. The booking advice is based on the agreement with the shipping company and includes the name of the particular vessel and the estimated times of arrival and departure. The donor then issues a shipping number and shipping instruction, which contains all necessary details about the shipment.

B. Shipping Documents

A Bill of Lading is the legal document used by shipping companies to define the terms and conditions under which they accept cargo. (See **Attachment**.) Information on the B/L includes:

- The type of food
- Gross and net weights
- Standard weight for each unit of food
- Ports of export and discharge
- Value of food and cost of freight and insurance
- Terms and conditions for shipment.

All claims or actions against a shipping company are based on the information contained in the Bill of Lading. See ***Port*** and ***Losses and Claims***.

A Through Bill of Lading is often used for landlocked countries, or in a country that has experienced very high losses during discharge of food at a port or in port-controlled warehouses. It may also be used when food is discharged at a main port and then directly loaded onto local ships for delivery to other coastal or island ports.

The shipping company retains custody of the food and responsibility for any losses until it arrives at the location specified on the Through Bill of Lading.

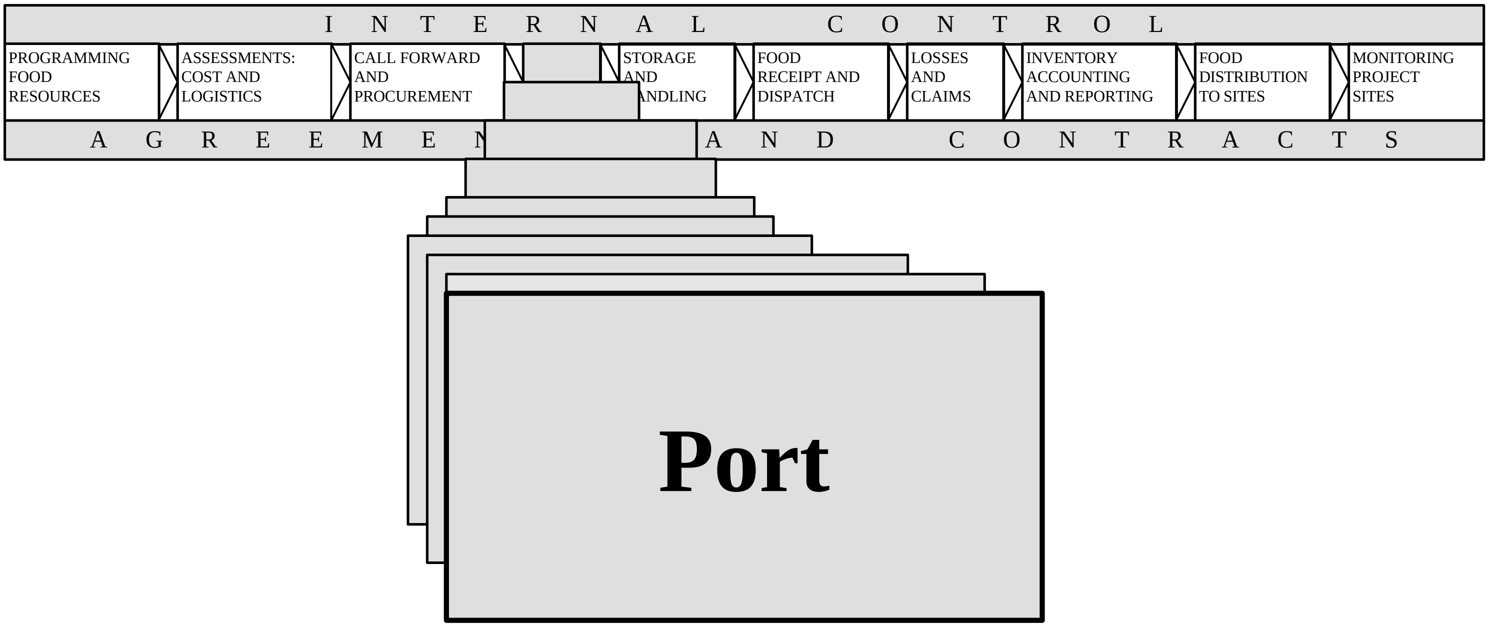
A disadvantage of a Through Bill of Lading is the cost to donors because shipping companies will increase rates for the additional handling and safeguarding of the food. Country offices must convince the donor that the additional costs would be offset by decreased port losses or that it would be easier to collect claims from shipping companies than from local government port authorities.

While shipping companies may agree to deliver food to other locations on a Through Bill of Lading, there is no guarantee that their local agents will expedite delivery. Whenever possible, agreements with shipping companies should include clauses for payment only upon delivery. See ***Agreements and Contracts***.

The local government must grant permission to use a Through Bill of Lading. Customs will often break the seals at port and examine containers for drugs, weapons, or other illegal contraband. A new customs seal will be placed on the container at the port, signifying that the cargo has cleared customs. The shipping company's representative must record the number of the new seal on the Through Bill of Lading.

C. Transshipment

Transshipment occurs when food is discharged from the vessel at a foreign port and loaded on board a second vessel for delivery to its final destination. This is most often done by the same steamship company, however, it is not uncommon for transshipments to involve more than one carrier. In some instances, food might leave the United States for a port in Europe where the food is placed on another ship bound for the final port of discharge. Transshipments can also occur once food arrives at the country's main port and is then turned over to a local shipping company for onward delivery to a secondary port. In each case, the terms and conditions of the original Bill of Lading remain in force, and the original shipping company's liabilities are not waived.



Chapter 6

Click on the title of any section below to view

I. ARRIVAL AND DISCHARGE

A. Prior to Arrival

CARE's clearing and forwarding agents and port/customs officers must make certain that all necessary documents and authorizations have been filed and approved by government ministries to assure as smooth a discharge as possible. See ***Agreements and Contracts*** for information on certificates and clearances that may be required.

If food arrives before final approvals are given, the clearing and forwarding agent and CARE port officer may provide a letter of guarantee to the shipping agent and ship's captain, countersigned by authorized officials of the government, stating that the shipment may be discharged.

B. Arrival at Port

Once a ship arrives in port, the shipping company presents the ship's cargo manifest to port authorities for authorization to unload. The ship is then either directed to a port berth for clearance or, if the port is too shallow, food is off-loaded onto smaller vessels called lighters. Before the food is off-loaded, CARE, its counterpart or representative must insure that the ship's hatches are inspected and the ship captain's log reviewed to ascertain the condition of the food and weather conditions en route. Many countries require a representative from the Ministry of Health or other government agency to make a visual inspection and approve the discharge of the food.

If CARE or its counterpart takes custody and control of the food at port, the independent surveyor must be available prior to the unloading of the cargo. The surveyor must be allowed to inspect the hold to determine the condition of the food. If for any reason a shipping company prohibits inspection of food, the country office should immediately notify the CARE USA Procurement Office for U.S. food, or the local representative or Brussels office of Euronaid for European Union Food for non-emergency programs or ECHO for emergency programs. For other donors, notify their local representatives. In all cases, country offices should notify the CARE International member's headquarters to request their assistance. When there are problems with shipping companies, the CARE USA Procurement Office should be copied on all correspondence relating to non-U.S. donors.

C. Cargo Discharge

To insure that food is properly examined, losses are identified and the party responsible for the loss is determined, the independent surveyor, a shipping company agent and a customs official must be available simultaneously to witness the discharge of the food from the ship.

Internal Control

CARE personnel must insure that discharge of food from the ship does not take place if an independent surveyor is not present. If so, the responsibility <u>for any losses</u> may be placed on CARE.

In addition to the three people on site examining the cargo, a CARE or counterpart employee and a clearing and forwarding agent should be at the port to oversee the actual discharge. Their responsibilities are to:

- Examine the condition of the vessel and food prior to discharge from the ship and witness the discharge of food to the dock and/or destuffing of containers
- Compare the amount of food on the bill of lading to the amount of food received in good condition, which is also being documented by the independent surveyor.

Whether the survey is done at port or at a CARE or counterpart warehouse, if food is shipped on a Through Bill of Lading, the agent of the shipping company must witness the discharge and sign the Independent Survey Report.

If the containers are destuffed at port or if customs inspects the food at port, a shipping company agent must be present when the container seals are broken. The customs representative must be present at the time the food is taken from the container to witness the physical count.

1. Lighterage

Lighterage is the method of discharging cargo from a ship onto a smaller, lighter vessel, which carries the cargo to the docks. Because the cargo has to be handled an additional time, the possibility of damage and loss is increased. Lighterage should be avoided whenever possible. The responsibility for losses when using lighters is determined by local laws and customs of the port. Generally, the organization requesting and paying for the lighters is responsible for related losses. If CARE requests the lighter, all losses resulting from its use are CARE's responsibility.

2. Types of Cargo Packaging

a. Bulk Cargo

Food shipped in bulk (not pre-packaged in the donor country) will either be bagged in the ship's hold and unloaded to the dock, or will be transferred to silo storage by vacuum equipment and rebagged by machine. When food is received in bulk, the shipment will also include a predetermined number of bags to package the food at the port after discharge from the ship.

When food is bagged by machine, country offices and counterparts, together with clearing and forwarding agents, independent surveyors, shipping company representatives and port officials, must insure that the bagging and calibrating equipment is in good working order and that port personnel accurately measure how much food goes into each bag.

Internal Control

Anytime food is bagged, country offices should instruct independent surveyors to pay close attention to the bagging process to assure standard weight.

b. Breakbulk

Breakbulk refers to food packed in individual bags or containers. Breakbulk cargo is unloaded from the ship by crane to the dock or by manual labor directly onto trucks or railcars for direct dispatch to CARE or its counterpart's warehouses, or moved to port storage (transit sheds) for later dispatch.

c. Containerized Cargo

Containerized cargo will either be destuffed at port or will go to a receiving warehouse for inspection and storage. A seal is placed on the container in the country of export so that no entry is possible without being detected. The seal numbers are recorded by container and accompany the Bill of Lading.

When containers are discharged from a vessel, the independent surveyor must tally and inspect the seal numbers during the unloading to insure the original seals have not been removed or tampered with. If the original seals are intact, the cargo is said to have traveled under "clear seal security."

If container seals appear broken or it appears there have been unauthorized entries into containers at the port, local laws may require that an official be present for the opening of the container. The local official should be asked to prepare a report which documents the investigation. A copy of the report should be retained in the shipment file.

Whenever there is evidence of tampering with seals or unlawful entry to containers, country offices must notify, in writing, port and customs officials, the local police, local donor representatives, the Procurement Section of CARE USA Headquarters, and the CARE International member who assisted the country office in procuring the food.

II. INSPECTION AND EVALUATION

A surveyor hired by CARE is directly responsible for producing the official inspection report for the discharge of food from a ship. CARE staff, counterparts, or a clearing and forwarding agent should also make frequent visits during discharge, delivery, and packaging of the food to observe the quantity and condition of the food, monitor the extent of marine losses, determine the shipping company's responsibilities, and be able to report losses accurately to the donor. See ***Losses and Claims,*** for more specific information on marine losses.

A. Damages

Independent survey reports should cover the following causes of food damage:

1. Inadequate Packaging

Damage may result from inadequate packaging of the food in the country of origin and not because of improper handling during shipping or discharge. Whenever a loss due to inadequate packaging is discovered, the independent survey report should document the following:

- Type of food and package size
- Description of packaging deficiencies, e.g., material or seals to close packages are weak. Include any results of an independent analysis of the packages in the survey report.
- Contract identification number
- Bag/container identification number
- Number of packages damaged and the total bill of lading quantity
- Ship name, discharge date and location
- Current location and quantity of food
- If samples are appropriate, draw a one kilogram sample from each unsatisfactory sub-lot of ship's cargo.

Country Example - CARE India

CARE India had often received PL 480 Title II shipments of corn soya blend (CSB) that were damaged. They determined that faulty packaging was largely responsible. USAID, USDA, and CARE USA Headquarters were repeatedly notified. While it took the donors time to complete an investigation and redesign the bags, CARE India's persistence led to an important change in the design of CSB bags. If the packaging problem is recurrent, the country office must prepare a summary describing the nature and history of the problem and send it to the CARE-International country that procured the food, the CARE USA Procurement Office, and Food Security Unit. Donors will be asked to look into this problem and redesign packages if necessary.

2. Marine Damage

Type of Damage	**Possible Origin**
Mold/sweat	Damp storage conditions Moisture due to condensation Inadequate and/or improper ventilation
Infestation	Infestation present before the food was loaded onto the ship Improper segregation of infested food Holds not thoroughly cleaned and fumigated before loading
Sea water damage	Hatches not properly secured during passage through rough seas; water able to enter into the compartments Leak in the steel plates allowing entry of water
Fresh water damages	Hatches not properly closed, permitting the entry of water during rains
Cut/torn containers	Improper handling while loading Food stacked along side pipes, rails and crates Improper handling when the food is discharged from the holds
Contamination	Food loaded next to chemicals, insecticides, or other hazardous materials

3. Damages During Discharge at the Port

Time of inspection	Common Causes of Damage	What to look for
Before discharge from ship	Poor loading supervision in donor country, resulting in broken bags Moisture trapped in the hold, condensing the cargo, particularly in lash barges and breakbulk ships in transit from cold to warm climates. Mold as a result of wet bags	Quality of stowage on board the ship Condition of cargo in the hold (mold, broken bags, etc.) Condition of packaging
During discharge from ship to port storage area	Dragging a pallet across the hold Overloading pallets Allowing rope slings to cut into bags stacked on a pallet Overloading material handling carts Use of hooks Theft	Quality of stevedore labor Quality of discharge techniques Acceptability of dock and storage area for food Discharge customs of the port/country Accuracy of reports controlling the movement of the food from port to warehouse Port security, including limited access to the storage area Inordinate delays in moving the food out of the port area Storage of food with incompatible goods, such as grains stored next to gasoline
During repackaging at the dock or port storage area	Infestation Shortweight	Adequate labor, packaging, and equipment available for reconstitution Proper segregation of damaged food Timeliness of fitness certifications Proper inventory adjustment authorizations

4. Sweepings

Sweepings are spillages collected in the ship's holds, collected from slack/torn bags, or collected after repacking. The independent surveyor must determine the total weight of the sweepings, the number of units that can be reconstituted (e.g., how many 50 kg bags), how much is lost and how much is to be declared unfit for human consumption. Losses from sweepings should be included in the survey report and treated as marine losses. Spillages that have occurred in port transit sheds or other interior warehouse while in CARE’s possession should be treated as internal losses.

5. Infestation

A sample of bags should be examined for possible insect infestations during the survey (see chart on Sampling Guidance below). If the sample shows the shipment to be infested, the survey report documents the inspector's health certificates, the amount of the original shipment, the amount able to be repackaged, and the amount that may be unfit.

B. Inspection for Weight

If there is evidence during discharge that bags or containers are not standard weight (short or excess), CARE or its counterpart must insure that bags are not dispatched from the port until food is placed in standard weight packages. CARE, its counterpart, the shipping company, clearing and forwarding agent, independent surveyor and port authorities must set aside the bags and containers for later repackaging. Any losses would be the responsibility of the shipping company. If circumstances require that short-weight bags be dispatched, the quantity of bags and reasons for dispatch must be stated on the dispatch waybill. The surveyor's report should include a narrative stating where, when, and how short-weight losses may have occurred. (See Independent Survey Reports below.)

1. Port Weighing

Ports often require that bags be weighed during unloading to limit their liability. They then issue an "official weight" based on their calculations. Port documents often are not completed with a high degree of accuracy, and/or the port authorities do not release these reports to CARE, its counterpart or the surveyor. The presence of CARE staff and independent surveyors may insure greater accuracy of the port reports. CARE or its agent should request, in writing, copies of all port documents for claims purposes. Country offices must keep files of all requests to ports, even if the port does not respond, to show auditors and donors that efforts were made to obtain the information.

2. Sample Weights

a. Breakbulk Shipments

A sample of bags or tins should be weighed at port in the presence of a shipping company representative, the independent surveyor, and CARE, its counterpart or other representative. The sample weight will determine the uniformity of unit weights in the shipment. (See Sampling Guidance below).

Country Office Example - CARE India

For years, underweight oil tins were shipped to CARE India. CARE India did not want the tins sent to MCH centers for fear MCH workers would be accused of stealing the oil if the shortages were discovered during the distribution. Shortweight deliveries impaired CARE's ability to assess the causes of losses and pursue claims. Working closely with the local USAID mission and the Government of India for more than two years, CARE weighed all of the oil shipments, documented the shortweight losses, repackaged all shortweight containers to standard weight and submitted the independent survey reports and reconstitution charges to the donor. On the basis of CARE's detailed documentation and certification by the independent survey company, the donor brought criminal charges against the processing company. Conclusive evidence enabled the donor to file complaints against the processor, and then terminate the contract, thereby eliminating the short-weight problem.

b. Bulk Cargo

Most ports do not have adequate facilities to properly package food to a standard weight. Bags from this source should be monitored closely. Because of lax oversight and faulty bagging equipment, there is a greater incidence of short-weight deliveries.

c. Sampling Guidance

A simple method of sampling bags or containers recommended by the Food and Agricultural Organization (FAO) and adapted for this manual is the following:

Sampling Guidance

Number of units	Number of units in the sample
Up to 10	Each unit
11- 100	10 units drawn at random
More than 100	The square root (approximately) of the total number drawn at random according to a suitable scheme.

Adapted from Table 10, Food Storage Manual, World Food Programme, 1992. Note that the sampling fraction varies with the population.

If there appears to be wide variance in the individual unit weights, a larger sample should be weighed and the average weight recorded in the independent survey report. The country office should work closely with the local representative of the donor, and notify CARE USA Headquarters Procurement Office and Food Security Unit of any unusual circumstances.

The range of tolerance must be negotiated with the donor. In some cases, donors establish weight tolerances for shipments from their countries. The Procurement Office in CARE USA Headquarters should advise country offices of acceptable weight variances for all U.S. Government donated food. Country offices should obtain the same information from non-U.S. donors.

The tolerance range should be known only by the person authorizing repackaging (i.e., the port officer) to avoid collusion among those handling the food. All packages that do not fall within the tolerance range permitted by the donor must be rebagged before they are transported to warehouses or centers.

Internal Control

If the sample shows total weights of the shipment outside of the acceptable range of tolerance, the donor must be immediately notified.

C. Excess Landings

Occasionally, a ship will discharge more food than stated on the Bill of Lading.

1. Acceptance of Food

A country office may accept the food if it receives the following, in writing, from the shipping company:

- The shipping company offers the food to CARE.
- The shipping company accepts responsibility for any storage charges levied on the excess food.
- A Health Authority certifies that the food is fit for human consumption.
- The shipping company agrees to pay any customs duty levied against the excess food.

2. Notice to CARE International and Donors

The country office should notify the local representative of the donor, in writing, about the excess food and CARE's plans to use it. The CARE International headquarters office that assisted the country office in procuring the food should be notified of the following:

- Date and time of first notification of the excess food
- Actions taken to obtain the excess food
- Date and place food made available to CARE
- Condition of the food
- Disposition of the food.

III. INDEPENDENT DISCHARGE SURVEYS

An independent surveyor is a disinterested third party who observes the discharge of food from a ship at the port. The surveyor prepares a report called a discharge (*ex-tackle*) survey which documents the condition of the food, amount delivered against the bill of lading, and the cause and nature of any shortages or damages to the food while it is in the control of the shipping company.

When there is a Through Bill of Lading, an independent surveyor carries out the survey at the time the shipping company transfers custody of the food to CARE or its counterpart at a designated warehouse.

An independent surveyor should also be used when food has been stored in a port warehouse for later dispatch to a CARE or a counterpart warehouse or directly to a distribution site. In this case the survey report is called a Delivery Survey Report. Delivery surveys are primarily used to fix responsibility for losses during the period of time food is in the custody of the port and in transit to an inland warehouse.

The surveyor must know how to insure that food moves through the port with the fewest possible losses and, when losses do occur, what to include in a survey report in order to substantiate a claim against a shipping company or port.

If an independent surveyor cannot be located or if there is reason to question the integrity or competency of a surveyor in the area, the country office must consult with the donor to determine how to document marine or port storage losses. Any agreements between CARE and the donor should be in writing, and the country office should immediately inform CARE-USA Headquarters Procurement Office of all arrangements.

In addition to ex-tackle and dispatch surveys, some surveyors can also perform clearing and forwarding activities. Some even have lab facilities to test food suspected of being unfit for human consumption. The types and quality of services offered by surveyors must be examined by each country office and contracts must be drawn up detailing the specific responsibilities expected of the surveying company.

A. Time and Place of the Discharge Survey

In order to assign responsibility for losses while the food is in the custody of the shipping company, the surveyor must examine the food while stowed in the hatches of the ship during discharge and while it is being discharged from the vessel to the dock.

If food is off-loaded from the carrier onto a lighter at the request of the shipping company, the survey would take place at the time the food is discharged from the lighter to the dock. If CARE has requested the lighter, the survey report should be prepared when the food is discharged from the ship into the lighter. If food is loaded directly from the vessel's hold onto trucks or railcars for transport directly to CARE or counterpart warehouses, the survey must take place at the time of loading onto the vehicles.

B. Format and Content of Discharge Survey Reports

The format for the ex-tackle survey report should be developed by the surveyor, CARE, and the counterpart. If necessary, obtain approval of this format from the donors. The length of the report should correspond to the size of the shipment and the extent of the losses incurred. For instance, if the surveyor observed no losses, the report could be quite short. On the other hand, if considerable losses and damages are noted, the surveyor's report should elaborate in full detail. See **Attachments** for examples of surveys from CARE India and CARE Peru.

At a minimum, the ex-tackle survey reports should include the following information:

1. Data Regarding the Shipment

   - Name of vessel
   - Bill of Lading quantity in units and kilograms
   - Type of food
   - Stowage location in the ship
   - Port of discharge and number of berth
   - Port of registry and flag of vessel
   - Bill of Lading number and date
   - Contract numbers or shipment numbers on Bill of Lading

2. Dates and Times

   - Request for survey
   - Vessel arrives
   - Vessel begins and ends discharge operations
   - Surveyor views the cargo
   - Cargo viewed by customs
   - Reconstitution of damaged food

3. Amount and Condition of Food

- Quantity of food discharged
  Short landed (less than the Bill of Lading quantity)
  Excess landed (more than the Bill of Lading quantity)
- Quantity of food not discharged
- Condition and amount
  Good
  Damaged (wet, infested, contaminated with oil, chemicals or insecticides)
  Slack/torn
  Infested
- Quantity after reconstitution
- Quantity determined unfit for human consumption
- Quantity destroyed/donated/sold for animal feed
- Total losses
- Average weight (see above Inspection for Weight)

4. Narrative Analysis

The Survey Report should include a narrative analysis of how, when, and where losses occurred, who did what, and when. It should also describe:

- The condition of the food in the hatches, containers, or barges including the condition of the hatches and nature of any damage
- Adverse weather conditions from the ship's log during loading, voyage, and previous ports of call, which may have a bearing on the damage
- Quality of stevedore labor
- Quality of discharging techniques
- Acceptability of dock and storage areas for food
- Quality of stowage onboard the vessel.

The surveyor's opinions should be clearly noted. For example, if the surveyor notes that 119 bags of cargo are wet at discharge, the report should contain information similar to the following:

> *"Upon discharge of corn soya blend from hatch no. 4 on November 16, 1994, we noted 119 bags (as per the attached tally) discharged wet. These bags were segregated, and samples gave a positive saline reaction. No explanation was given by vessel personnel or is advanced by surveyors as to how the bags became wet. Commodity was analyzed by the Health Authorities on November 18, 1994, and declared unfit for human consumption. Unfitness certificate number 123456*

> *is attached to this report. The remaining contents of 119 bags weighing 2,975 kgs were fit for animal consumption and donated to the XZY pig breeding farm."*
>
> or
>
> *"Upon discharge of bags of sorghum grits from hatch no. 4 on November 16, 1994, 119 bags were discharged wet, torn and slack. These bags were segregated and tests gave a negative saline reaction. Vessel personnel advised that the bags could have been loaded wet as heavy showers occurred at the loading port of Corpus Christi. In our opinion, the bags became wet because of inadequate dunnage to protect the cargo. Bags were lying on the hatch floor and what little dunnage was available was green and oozing. A representative sample of damaged cargo was drawn by surveyors in the presence of ship's agents on November 16, 1994, and forwarded to the independent chemists, Jones and Jones, for analysis. Their report has yet to be received."*

For all containerized shipments, the narrative section of the report must:

- List the container and seal numbers
- Advise whether the containers were in any way damaged
- Document when and where the seals were broken and by whom
- Document new seals put on the containers, by whom, and include a list of new seal numbers.

5. Physical Counts/Stroke Tallies

Surveyors employ tally clerks who are responsible for counting the actual number of bags and containers of food that are discharged in slings or pallets from a ship or the number of bags taken by laborers from port warehouses and put on trucks. Clerks often use a method called stroke/tallies for counting. The tally sheets prepared by clerks are the primary source documents used to prepared the survey reports. See Tally Sheets attached to Survey Reports examples.

The surveyor must arrange for sufficient clerks to be present during a survey to obtain accurate tallies and insure that tally reports are attached to discharge and delivery survey reports.

6. Daily Discharge Reports

Daily discharge reports should be prepared by the surveyor and submitted each day to CARE or counterpart staff assigned to the port area. CARE staff should review the reports upon receipt and note the amount of losses in the shipment. The reports should indicate:

- Sound, damaged bags or infested packages
- Brief description of discharge practices
- Actions initiated to minimize loss/damage.

7. List of Persons

A list of the names of persons who witnessed discharge and/or who can provide information about the date and time the shipping company transferred all responsibility for its cargo to CARE or its counterpart should be included in the survey report.

8. Translations

If survey reports are prepared in a language other than English, there must also be an official English translation of the report, signed by the surveyor. In some countries, reports are written in two columns per page--one column in the official national language and the other in English.

Internal Control

The importance of timely independent documentation cannot be overemphasized, as the survey report fixes responsibility for losses by shipping companies, ports, and transporters. See *Losses and Claims* for information.

IV. OTHER DOCUMENTS

A. Host Country Health Certification

If the host country requires certification of the fitness of imported food or if food is suspected to be unfit for human consumption, CARE or its counterpart must notify the Port Health Officer or other health official promptly, arrange for a health officer or other designated official to analyze the food, and prepare a written report that includes the following information:

- Name of the vessel
- Date of discharge from the vessel
- Date and place of examination

- Amount (bags, cartons, tins) of food examined
- Amount of food fit for human consumption
- Amount of food unfit for human consumption
- Amount of food that can be used as animal feed or that should be destroyed
- Signature and title of person making the determination.

Submit the statement with the survey report to the donor and obtain permission for the disposition of the unfit food. (See ***Losses and Claims.***)

B. Ship's Out-Turn Report

The Ship's Out-Turn Report is prepared by the ship or the ship's agents showing, in their opinion, the quantity and quality of cargo discharged from the vessel. CARE or its counterparts should attempt to obtain copies of these reports and compare them to the independent survey reports. Any discrepancies between the ship's report and the independent survey must be noted and communicated to the surveyor and the ship's agents, who must then attempt to resolve differences.

C. Port Tallies and Port Out-Turn Report

Port Tally Sheets and Port Out-Turn Reports are produced by the Port Authority. The Port Tally Sheets provide an ongoing record of the amount of cargo off-loaded and are the supporting documents for the Port Out-Turn report. The Port Out-Turn report contains a count of the cargo discharged and a description of the condition of the food. Port tallies and reports are often inaccurate and difficult to obtain. However, for auditing and claims purposes, CARE should request in writing copies of the reports.

D. Other Official Port Records

Some ports prepare a complete set of documents, such as inventory reports, showing the quantity and quality of the cargo as it is received by the port in addition to the out-turn reports.

All of these reports often are difficult to obtain and may be inaccurate. They do not substitute for independent survey reports.

V. PORT FEES

A variety of costs are involved in the receipt, storage and transshipment of food at the port, including the following:

- Stevedoring fees for discharge of a cargo from ship's hatches to dockside
- Landing charges for movement of cargo from dockside to port storage areas
- Local transport fees for movement of cargo from storage areas to loading onto forwarding transport
- Demurrage
- Surveillance/supervision charges for the inspection of cargo.

A list of all fees charged by the port should be made available by the local Port Authority to CARE, its counterpart, and the clearing and forwarding agent.

Reminder - Demurrage is a penalty fee charged by ports for failure to move cargo out of their warehouses within certain fixed time periods, e.g., seven, fifteen or thirty days. Payment of demurrage must be taken into account by country offices in the development of their port warehouse dispatch plans.

VI. PORT STORAGE

Wherever possible, CARE or its counterparts should avoid storing food at the port. Once cargo is discharged "ex-tackle" from the ship to the dock, custody is transferred to CARE or its counterpart, who from this point forward assume full responsibility for management of the food in country.

A. Problems of Port Storage

The Port Authority is responsible for reserving sufficient covered storage at the port, as well as sufficient dunnage (pallets and tarpaulin) to protect stored food from moisture. However, experience has shown that in countries where CARE has programs:

- Port areas are generally not well maintained and unclean.
- Port areas often lack appropriate equipment and facilities. Warehouses are often in need of repair (e.g., leaking roofs), which can lead to damaged food.
- Port storage space is generally limited and expensive. More lucrative commercial cargo often receives preference over food imported for relief or humanitarian programs.

- Pilferage, siphoning, and destruction of cargo are common in port storage facilities, due to lax security.
- Often food is stacked on the floor, susceptible to damage and infestation.
- Port records and ledgers are often inaccurate and difficult to obtain.

It is difficult to collect claims against the Port Authority in most countries. Indeed, in many countries where the port is owned and operated by the government, claims cannot be filed against the government.

Example: CARE Peru

CARE Peru had 5% port losses on each call forward. Most of the losses took place while the food was in port storage, which was generally between 20 - 25 days. Port storage facilities were inadequate to accommodate the volume of CARE's shipments. The areas also lacked security. Many bags were siphoned by stevedores and day laborers. Port records were often inaccurate and claims against the Port Authority ignored. CARE Peru switched to direct delivery and now loads food directly from a ship onto trucks which immediately leave the port area. All clearance documents are completed and approved before the ship's discharge. CARE Peru also makes arrangements for an adequate number of trucks to receive and dispatch the food quickly. Port losses are now minimal, and CARE Peru does not have to deal with claims against the Port Authority.

Many donors and country offices are opting for containerized cargo delivered via a Through Bill of Lading in order to circumvent port storage and handling. Indeed, almost all food procured through Euronaid, except local purchases, are shipped via a Through Bill of Lading to CARE's main warehouse. Containerized shipments are more expensive than breakbulk shipments, and the receiving port must have appropriate equipment to off-load containers. However, if losses are high, CARE should discuss this option with the donor.

B. General Guidance for Port Storage

If CARE must use port storage, the following table contains some suggestions:

Port Storage Guidance

Activities	**Guidance**
Storage Practices	Work with the Port Authority to insure that reasonable warehouse storage, handling and accounting practices are followed in the port transit sheds.
Inspections	If food is kept in storage for more than one month, CARE, its counterpart or clearing and forwarding agent must inspect the food for damage and infestations. In some countries, the Ministry of Health requires an inspection to certify the condition of the food.
Fumigation	If food is stored for more than one month, arrange with port authorities to hire licensed professionals for fumigation.
Ledgers	Food stored at the port transit sheds is part of CARE's physical inventory. CARE, its counterparts or the clearing and forwarding agent must regularly inspect port inventory ledgers, complete Loss and Adjustment Reports, and file claims against the Port Authority.

Additional procedures must be put in place to counteract lax security in port areas and limit losses by theft and pilferage.

Limiting Diversion in Port Storage Areas

Type of Shipment	Signs of theft	Suggestions for limiting diversion
For all shipments	Short-weight	An independent surveyor should inspect the quantity and condition of the food before it leaves the port storage area. Assign CARE port officer to inspect facilities and make his/her presence visible to deter pilferage. Limit delays in the port by processing exemptions and clearances as quickly as possible. Limit access to off-loading areas. Place security guards at doors to detect theft. File claims immediately.
For containerized shipments	Damage to containers, (seals, doors or hinges) with removal of part of their contents	The seals and seal numbers should be carefully examined and any sign of tampering noted on the survey report and investigated at the time the tampering is detected with a brief narrative of the probable causes of the damage.
For breakbulk shipments:	Siphoning of small amounts of food	Weight bags to insure uniform weight and note weights on the survey report. Inspect the stevedores' clothing before they leave the port area. Publicly identify individuals caught stealing by placing their names on a blackboard in the port area with the amount of food stolen.
For oil tins	Substitution of oil in tins with water	Seals on tins should be inspected and any sign of tampering noted and investigated.

VII. FORWARDING FOOD FROM PORT WAREHOUSE

A. Dispatch Reports from the Port to the Country Office

1. Daily Dispatch Reports

Internal Control

Country offices must provide its port officers or clearing and forwarding agents with instructions, in writing, on when, where and how much food is to be dispatched from the port. Food cannot move from the port without this authorization.

Depending on the size and nature of a program, country offices may require port staff to send them daily dispatch reports, via fax, telex or radio. Country offices must determine who will be responsible for notifying receiving warehouses of estimated times of arrival.

Dispatch reports, at a minimum, should include:

- The amount of food dispatched
- Waybill numbers
- Transporters' names
- Truck and trailer numbers and numbers of rail cars
- Destination and ETA.

2. Through Bill of Lading

When food is dispatched from a port under a Through Bill of Lading, CARE and its counterparts must provide the shipping agent with a dispatch plan. Based on the plan, CARE should request the shipping company to provide it with a report similar to the Dispatch Report from port.

If the shipping company is unable to dispatch food from the port in a timely manner or significant losses occur during transport, the country office must notify in writing the local donor representative and the CARE International member who assisted in the original food procurement. The country office must maintain complete and up-to-date files of all correspondence with the shipping company, donor, government authorities, transporters and others for later loss/claim actions.

3. Weekly Inventory and Dispatch Status Reports

A country office may require Weekly Dispatch Reports summarizing the amount of food still in port storage, dispatches for the past week, and the ETA of the remaining quantity into CARE warehouses.

B. Delivery Survey

Once customs and other government ministries have given permission to import food into the country, CARE, its counterpart, and the clearing and forwarding agent will coordinate plans with customs and port authorities to forward food from port warehouses to CARE or counterpart warehouses.

In all cases, the independent surveyor should prepare a Delivery Survey Report . This report is similar to information contained in a Discharge Survey Report except that it focuses on conditions at port warehouses, the amount of food moved out of the warehouses and onto trucks or trains, the extent of damages and losses, and determining the port's and transporter's responsibility for any losses

The format for the Delivery Survey report should be similar to the "Ex-Tackle" Discharge Survey.

At a minimum, the report should include the following information:

1. Data regarding the dispatch:

   - Name of port and warehouse name or number
   - Quantity in units and kilograms reported in the ex-tackle survey report and moved from the ship to port warehouse
   - Type of food(s)
   - Bill of Lading number and data
   - Contract numbers or shipment numbers on Bill of Lading
   - Country office shipment number.

2. Dates and times:

   - Request by CARE for survey
   - Trucks or railcars arrive
   - Dispatch begins and ends
   - Surveyor views food in port warehouse
   - Food viewed by port and customs authorities and released for dispatch
   - Repackaging of damaged food.

3. Amount and condition of food:

   - Condition of the food in port warehouses prior to loading on trucks or rail cars.
   - Quantity of the food dispatched
     Less than survey amount
     In excess of survey amount
   - Condition
     Good
     Damaged (water, infested, and/or contaminated with chemicals, insecticides or oil)
     Slack/torn
     Wet
     Infested
   - Quantity after reconstitution
   - Quantity determined unfit for human consumption
   - Quantity destroyed/donated/sold for animal feed.

4. Narrative Analysis

- Description of the condition of the food in the port warehouses and nature of any damage
- Extracts from port records about any conditions that may have caused damage to food
- Quality of port labor
- Acceptability of port storage areas for food.

VIII. RECORDKEEPING FOR PORT ACTIVITIES

Recordkeeping at the port can be divided into two main areas: overall summary records for all shipments that arrive in country, and inventory accounting records for each individual shipment. Reference ALMIS #4496, ***Commodity Accounting Manual***, and the ***Inventory Accounting and Reporting*** chapter of this manual for more information on recording transactions in commodity and warehouse inventory ledgers.

A. Shipment Ledgers

The Master Shipment Ledger records all food arrivals by shipment. This ledger provides basic information useful for cross-checking past shipments and can be used along with individual warehouse inventory ledgers to prepare Commodity Status Reports. Some CARE country offices may keep records of all shipments in one large ledger; other countries have a ledger for each individual shipment or have developed computerized databases or spreadsheets to prepare reports. In any case, the purpose of the Master Shipment Ledger is to have in one record a summary of all transactions relating to the shipment and a file which contains all documents and correspondence relating to each shipment.

A Master Shipment Ledger and Shipment File must be maintained either by CARE's contracted clearing and forwarding agent, the port representative, or the country office headquarters. The following information should be included in the ledger:

- Vessel
  - Food type
  - Bill of lading number
  - Donor shipment or contract number
  - Ship's arrival date
  - Number of units
  - Total weight
  - Marine losses
  - Port losses

- Total losses
- Total available balance for dispatch to inland warehouses
- Date of survey and other documents sent to CARE USA's Procurement Office or other CI member
- Cost of survey
- Costs of reconstitution.

Generally, Master Shipping Ledgers and shipment files should be maintained by logistics managers in the country office. Information in the Master Shipping Ledger should reconcile with the Commodity Inventory Records kept by the commodity financial accountant and the warehouse inventory records kept by port officers or warehouse managers for each shipment.

B. Shipment File

An up-to-date shipment file must be maintained at the central office. The file contains all shipping documents and correspondence for each shipment and is the primary source material for the Master Shipping Ledger.

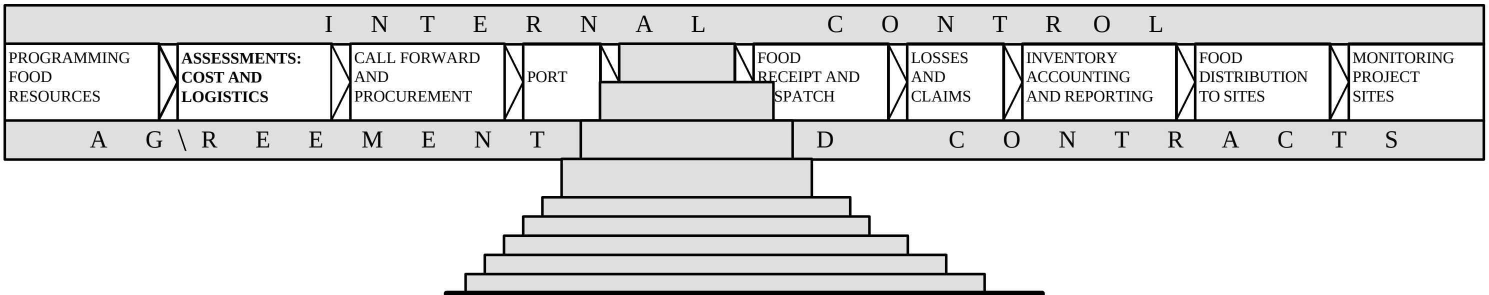
Required Documentation for Shipment File:

- Copy of signed AER or similar document from donors
- Call forward letter and/or donor approval
- All transmittal notices
- All signed customs authorizations and clearances
- Phyto-sanitary certificates
- Bill of Lading
- Independent discharge and delivery survey reports and invoices
- Ship and Port Out Turn Reports
- All correspondence related to the shipment
- Port dispatch summary
- Dispatch waybills from the port
- Health certifications.

C. Warehouse Inventory Accounting at the Port

For warehouse inventory purposes, food arriving at a port is treated and accounted for in the same way as food arriving at a CARE warehouse. CARE or counterpart staff or a clearing and forwarding agent must prepare a receiving waybill to account for the arrival of food at the port, and prepare dispatch waybills to account for food moved directly from a ship to trucks or rail cars to CARE or counterpart warehouses or from port warehouses to CARE or counterpart warehouses.

Warehouse inventory ledgers must also be prepared for all transactions at the port. Waybills and Loss and Adjustments Reports must account for all food described on the Bill of Lading. These documents will all be forwarded to the country office and the information will be entered into the commodity financial accounting ledgers. Accurate documentation is essential. (See ***Food Receipt and Dispatch, Inventory Accounting and Reporting,*** and ALMIS #4496 ***Commodity Accounting Manual***.)



Storage and Handling

Chapter 7

Click on the title of any section below to view

I. INTRODUCTION

In this manual "warehouse" designates any area where food is stored. It may be a large structure with a roof, walls and a floor, a school or health post, a tent, or even an open area. It may be at a port or at a program site. Whatever the size and location of a warehouse, CARE must insure that the food resources can be received, adequately stored and dispatched for use in projects.

Currently warehouses are managed:

- By CARE staff at national, regional and local levels in CARE-owned or leased warehouses
- By national, regional and local government counterparts, mostly in their own warehouses
- By community leaders or other community groups in their own warehouses or small stores at distribution sites.

During emergency situations (especially start-up periods), meeting the basic requirements discussed in this chapter may not always be possible. Inform the donor in writing of any necessary limitations and obtain agreement or approval of all waivers in writing. Also inform the appropriate CARE International member. See ***Agreements and Contracts*** for more information about seeking waivers from donors.

II. SELECTING FOOD STORAGE FACILITIES

A. Criteria

In choosing appropriate warehousing, consider the following:

- **Companies and agencies** already experienced in logistics with storage facilities available for loan or hire, such as port(s), railroads, agrobusinesses or commercial distributors
- **Location and accessibility** to rail, road, and sea or river, with ample space at warehouses for trucks to turn around and unload
- **Location on high ground** (if area floods) **and terrain** which is hard packed and does not become soft and muddy in rains
- **Storage** capacity in total square meters (See **Determining Warehouse Capacities/Storage Plans** below.)

- **Structural layout and condition** (roof, walls, fences)
- **Security**, including locks for doors; grates on windows; guards, if feasible and necessary. Warehouse compound should be enclosed by a security wall and, if possible, have perimeter lighting.
- **Handling equipment**, for main, large warehouses, e.g., forklifts, stacking conveyors
- **Labor availability**, both permanent and day labor for carrying bags or containers of food on and off stacks and performing reconstitution activities.

B. Types of Warehouse Space Available

Assessment should begin with an inventory of all facilities that may be available for storage of food at primary, secondary and distribution sites. In all cases, leasing arrangements or contracts for warehouse services must be in writing. See ***Agreements and Contracts***.

1. Commercial

If commercial storage space is available, CARE should do an analysis of rental charges, and where appropriate, review rates with donors. Some country offices prefer not to rent warehouse space because of restrictions on the schedules of warehouse staff, limitations on use of equipment, incompatible systems for accounting and infestation control, and difficulties in collecting claims. However, these issues are usually negotiable if the warehouse is otherwise suitable.

Agrobusinesses and commercial distributors may have warehouses that can be made available temporarily for a short-term operation. Agricultural warehouses are often located close to rural production areas, while commercial distributors are generally in urban and town centers.

2. Government and Counterpart Storage Facilities

In many countries national, provincial, or local government stores are available. Encourage host governments and counterpart organizations to provide warehouse space at no cost before the project begins. If warehouse space must be rented or leased from the government, monthly fees should be nominal.

Local community leaders or associations can provide rooms in schools or churches, or village huts, in addition to local stores.

3. Transit Warehouses and Sheds

Some clearing and forwarding agents operate large transit warehouses for receipt, consolidation, and dispatch of cargo. Railroads often operate transit sheds to facilitate the loading and discharge of goods. However a transit shed is not a warehouse. It is meant for short-term storage only, and charges generally accrue on a daily or weekly basis. Transit sheds can be very expensive over extended periods of time.

Many different people may have access to transit sheds. CARE food could be stored together with non-CARE material, increasing the potential for loss or damage.

4. Open Storage

In emergency situations in remote regions, food may have to be stored on open ground without cover or security, thus more vulnerable to spoilage and theft. In these cases, finding high ground is critical. Open storage should be considered temporary.

5. CARE Owned and Managed Warehouses

a. Construction of Storage Space

Where there is insufficient or inadequate private or government warehouse capacity, country offices may have to consider constructing temporary or permanent warehouses.

Permanent structures should be built after all other possibilities for obtaining warehouses have been explored and usually only for long-term, emergency operations. In general, CARE should not be in the business of constructing and managing its own warehouses.

This will require the approval of CARE USA Headquarters, regional managers and donors where CARE USA is the lead member. Where U.S. Government food is programmed by another CI lead member, the Regional Manager at CARE USA Headquarters and U.S. Government donors must also approve any construction.

b. Prefabricated Warehouses

If building materials are not available locally or if time is a factor, especially in emergencies, use prefabricated storage facilities or even tents. A variety of prefabricated warehouses (e.g., Rubb and Viink Halls) with total capacities from 350-400 MT are available.

C. Determining Warehouse Capacities/Storage Plan

The amount of warehouse space required is based on the total volume of food and the different types of food. Information in this section is adapted from Part VI, Storage Specifications of the ***Commodity Reference Guide***, Office of Food for Peace, Agency for International Development, January 1988.

Multiplying the length x width x height to the building eaves gives the gross volume in cubic meters, but a warehouse will never use all available space for food. There must be space available for working, ventilation, a space of about one meter between the stacks and walls, space to store materials and equipment for cleaning, and space to store materials used to repackage food.

General Guidelines for Determining Storage Space

- **Allocate space for each type of food by shipment number, and all non-food materials and supplies related to food programs. If necessary, use chalk to mark the stack location on the warehouse floor.**
- **Allow sufficient space for easy access to the stacks for inspecting, loading and unloading. Stacks should be one meter from the walls, with another meter between stacks.**
- **Allow space for storage of cleaning materials and supplies.**
- **Allocate areas for damaged food by shipment number.**
- **Allow sufficient space to repackage damaged food and place it in separate stacks by shipment numbers.**

Thus, while a small warehouse may have a gross cubic volume of 150 cubic meters, when taking into consideration the space between stacks, walls and the space between the stack and the eaves, its usable volume is only 48 cubic meters. In addition, non-food items and office space may take up another 15% or 20% of the usable additional space.

The following illustrations show gross dimensions of warehouses and how this volume is used when stacks of food are stored.

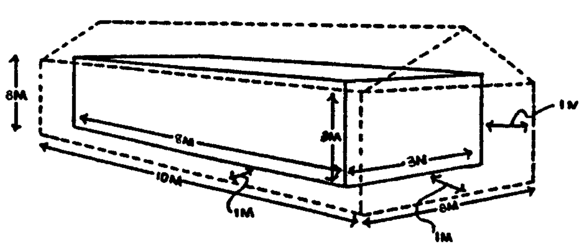


Figure 1: Warehouse with one stack of grain.

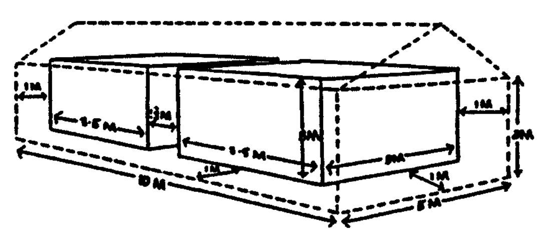


Figure 2: Warehouse with two stacks of grain.

Once usable volume has been determined, the next step is to calculate how much food can actually be stored in the warehouse. Use the following rules of thumb to estimate the usable space needed for different types of food:

- One metric ton of grain or pulses (twenty 50-kg bags) requires approximately two cubic meters of storage space, whether the twenty bags are end to end or stacked in layers.
- One metric ton of processed food, such as corn soya blends (forty 25-kg bags), will take up slightly less storage space because the bags are less bulky. There is less air and the grains are ground up.
- One metric ton of oil (44 cartons with six tins each) requires approximately 1.4 cubic meters of storage space, whether the 44 cartons are laid out end to end or stacked in layers.
- Similar calculations must be done for materials used to reconstitute damaged food, and for other non-food project materials and supplies.

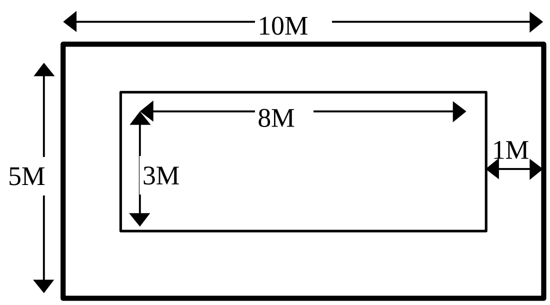
If one MT of grain (twenty 50 kg bags) takes up approximately two cubic meters of volume, the small warehouse described above can hold 24 MT (420 bags) of corn. However, taking into consideration other possible space needs, subtracting another 5%, usable space may be reduced to approximately 68 cubic meters. In this case, the warehouse could only store around 23 MT of corn.

The illustrations below estimate usable stacking space for small, medium, large and warehouses, taking into consideration from 1 to 8 stacks. The illustrations do not take into account additional space requirements described in the above General Guidelines for Determining Storage Space.

Space Utilization - Usable Stacking Volume in Cubic Meters

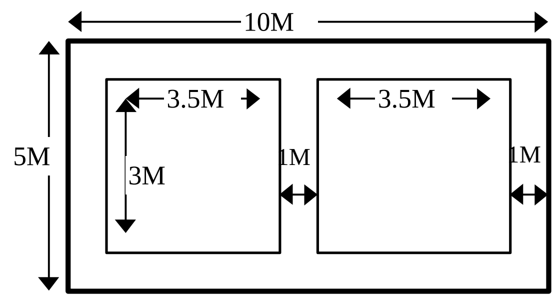
Small Warehouse (Height = 3M)

One stack



Gross Volume
= 10M x 5M = 50M^2 x 3M = **150M^3**
Usable Volume
= 8M x 3M = 24M^2 x 2M = **48M^3**
Storage Capacity (50 kg bags)
48 M^3/ 2 = 24 MT (480 bags)

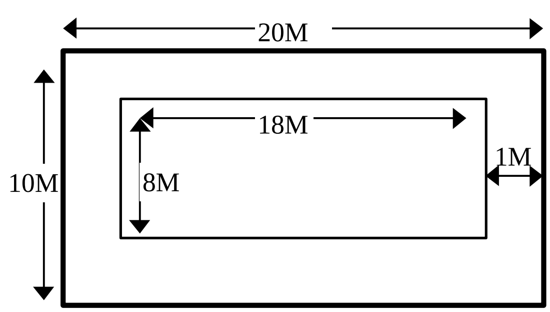
Two stacks



Gross volume
= 10M x 5M = 50M^2 x 3M = **150M^3**
Usable volume
= (10M **-** 3M) x (5M **-** 2M)
= 7M x 3M = 21M^2 x 2M = 42**M^3**
Storage Capacity (50 kg bags)
= 42 M^3 / 2 = 21 MT (420 bags)

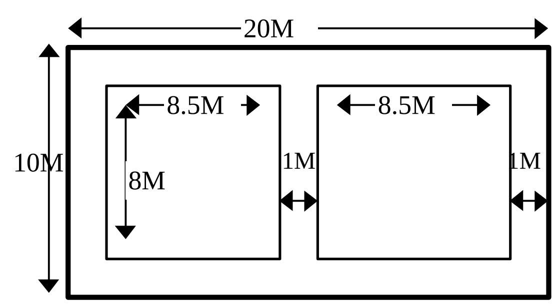
Medium Warehouse (Height = 4M)

One stack



Gross Volume
= 10M x 20M = 200M^2 x 4M = **800M^3**
Usable Volume
= 18M x 8M = 144M^2 x 3M = 432**M^3**
Storage Capacity (50 kg bags)
= 432 M^3 / 2 = 216MT (4320 bags)

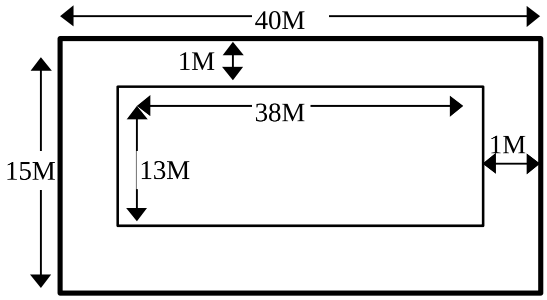
Two stacks



Gross volume
= 10M x 20M
= 200M^2 x 4M = **800M^3**
Usable volume
= (20M **-** 3M) x (10M **-** 2M)
= 17M x 8M = 136M^2 x 3M = 408**M^3**
Storage Capacity (50 kg bags)
= 408M^3 / 2 = 204 MT (4080 bags)

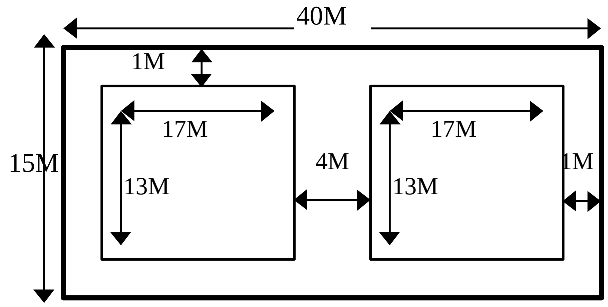
Large Warehouse (Height = 5M)

One stack



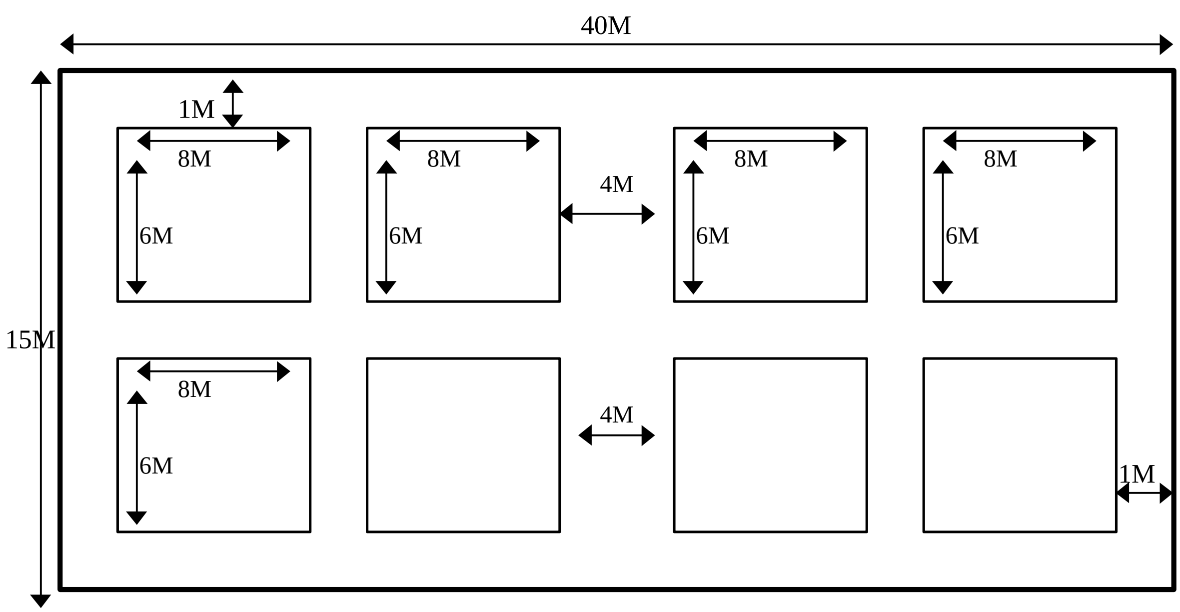
Gross Volume
= 40M x 15M = 600M^2 x 5M = **3,000M^3**
Usable Volume
= 38M x 13M
= 494M^2 x 4M = ,1976M^3
Storage Capacity
= 1,976M^3 / 2 = 988M^3 (19,760 bags)

Two stacks
four meter central gangway



Gross volume
= 40M x 15M = 600M^2 x 5M = **3,000M^3**
Usable volume
= (40M - 4M - 2M) x (15M - 2M)
= 34M x 13M = 442M^2 x 4M = 1**,768M^3**
Storage Capacity
= 1,768M^3 / 2 = 884M^3 (17,680 bags)

Eight stacks; four meter central gangway



Gross volume = 40M x 15M = 600M^2 x 5M = **3,000M^3**
Usable volume = (40M - 4M - 4M) x (15M - 3M)
= 32M x 12M = 442M^2 x 4M = 1,768**M^3**
Storage Capacity **= 1,768M^3 / 2 = 884M^3 (17,680 bags)**

III. PREPARING FOR RECEIPT OR DISPATCH OF FOOD

When the storekeeper receives notice that food will arrive, warehouse staff should clean and inspect the area where the food will be stored. Laborers should sweep the ceiling, beams, walls and floors. If necessary and available, use water. Adequate labor and equipment must also be available to move and stack food.

If food arrives without notice, storekeepers should quickly calculate space needs and clean areas before food is placed in the warehouse.

If food is to be stored outside, remove any trash or debris, and make certain that the storage area is level and well drained.

If storage space is rented, requisitioned or borrowed, inspect the area and arrange to:

- Repair roofs, doors, locks, and lighting
- Acquire pallets or dunnage to raise food off the floor
- Clear out partitions, machinery, or other equipment left in the storage areas.

A. Arrival and Departure of Trucks

Warehouse managers will have to develop procedures to assure smooth dispatches and deliveries. If there is only one loading dock or entrance to a warehouse, trucks arriving at the same time will have to line up to make deliveries or load up. If there are entrances to the front and back, trucks may use the front entrance to deliver food while other trucks are being used to dispatch food from the rear entrance. Wherever possible, warehouse managers should try to arrange for receipts and dispatches of food on separate days to avoid confusion and greater potential for losses or diversions.

In emergencies, food is often dispatched from port warehouses with multiple entrances or to compounds with a number of pre-fabricated warehouses. In these cases, port officer or warehouse managers should develop systems whereby trucks line up outside warehouse or compound perimeters. Drivers are given a gate pass that tells them which entrance or warehouse to go to and how much food to pick up. After loading, storekeepers sign the gate pass. Drivers proceed to an exit and show their signed passes and waybills to warehouse staff at the perimeter exit. Warehouse staff check the driver off their lists as the truck leaves the perimeter with its cargo. These procedures help to minimize confusion, control the flow of traffic in compounds, and limit the likelihood of diversion.

B. Direct Dispatches to Beneficiaries

In some cases, beneficiaries receive food directly from a warehouse. See ***Food Distribution to Sites*** for information on how distributions should be managed in these cases. See ***Food Receipt and Dispatch*** for information on how to document dispatches.

C. Permanent and Temporary Warehouse Labor

A successful warehouse operation depends on the people who work there. In addition to permanent warehouse staff, temporary laborers, often called casual or daily laborers, are employed when food is received or dispatched from a warehouse. They may help with cleaning and other warehouse maintenance tasks. Even though not full-time employees, they must be well trained in food handling and storage procedures, and able to identify damaged packages and infestation. They are also essential in repackaging damaged food.

Country Office Example

CARE Guatemala's warehouse manager identifies those daily laborers who perform well and continues to hire them when temporary workers are needed at the warehouse. Those who do not perform well are not re-hired. The laborers are also trained in stacking and handling food as well as in identifying damaged food and short-weight packages.

D. Equipment, Material and Pre-Printed Forms

Staff and workers need sufficient equipment, material and pre-printed forms to perform their duties. Needs depend on the size of the warehouse and the volume of food that is received, stored and dispatched. Obviously a small storage room at a health post will not require the same equipment and supplies needed in a large central warehouse. The following is a basic list of equipment and supplies:

- Pallets on which to stack food
- Scales for weighing
- Empty containers (bags, plastic gerry cans) and stitching materials for reconstituting food
- Pest and rodent control supplies
- Cleaning equipment and supplies
- Fire extinguishing equipment
- First aid equipment
- Desks/files for large and medium size warehouse records
- Calculator
- Pre-printed chemical treatment ledgers

- Pre-printed warehouse inventory ledgers
- Pre-printed stack and fumigation cards
- Pre-printed, pre-numbered Loss and Adjustment Reports
- Pre-printed, pre-numbered waybills.

E. Warehouse Security

1. Theft

The degree of security needed to protect stored food from outside theft depends upon conditions within a country. In some countries a fenced area with security guards may be required; in other countries, a locked warehouse may be sufficient.

Internal Control

Restrict warehouse access to those who actually operate the warehouse, including staff who inspect warehouses. A country office or counterpart manager must designate which staff can possess keys. Country offices should maintain current lists with the names of all persons at the national, regional or local levels in possession of keys. For monitoring purposes, this must apply equally to counterparts and community-based groups.

Only one person should possess the keys to the warehouse at any time. Generally, this should be a person with overall responsibility for the operation of the area where food is stored. This could be the chief storekeeper or warehouse manager if food is stored in separate structures or the person in charge of a health post or community center if food is stored in a room of a building.

Country office senior managers should make it clear to all warehouse staff, including community groups, that the person who possesses the keys is accountable for all losses within the warehouse.

2. Fire Prevention

Warehouse managers or storekeepers must insure that:

- There are materials and equipment available to put out fires such as fire extinguishers or buckets and hoses, if a water source is available.
- Fire extinguishers are inspected regularly to make sure that they work.
- Flammable materials such as fumigants are properly stored.
- Strict rules that prohibit smoking or cooking in or near the warehouse are enforced.

IV. FOOD STORAGE

A. Open Storage

If open storage must be used (especially in emergencies):

- Select a location on high ground that provides for drainage in rainy weather.
- Place stacks on pallets, concrete slabs, gravel or sand, wherever possible. At a minimum, place plastic tarpaulin on the ground.
- Use pallets and dunnage (loose material) to raise food at least 4 inches off the ground or whatever has been laid over the ground.
- Cover food with plastic sheeting, protecting tops and sides, and lash sheeting securely so that it will not blow off.
- Dig drainage ditches around the stacks to prevent entry of rainwater.
- Protect stacks from theft by using a fence or employing 24-hour security guards.
- Insure that stack cards are used and kept up to date. (See below.)
- Take daily physical inventories, by a CARE manager or a local counterpart representative, and reconcile physical counts with inventory ledgers.

Internal Control

CARE managers of open storage must account for food receipts and dispatches, report losses and maintain inventory ledgers as if the food were stored in a building.

B. Height of Stacks

Do not stack 6-tin cartons or pails higher than ten layers, or bags of grain and processed food more than 25 layers. If food is stacked higher, stacks can become unstable especially as food is put on or taken off. In addition, added weight may cause damage to bags or containers of food at the bottom of the stack.

C. Stacking Food

Whenever possible, use pallets to keep food off the floor, and keep stacks at least one meter away from the eaves of the warehouse. This allows air to circulate and helps reduce the risk of infestations. Pallets should be clean, level, and free of projecting nails or splinters. When pallets are not available, such as at the beginning of an emergency operation, try to place food on wooden planks, woven mats or plastic sheeting. **Keeping food off the floor is essential.**

Guidelines for Stacking

- Be sure there is easy access to food that has been stored the longest so that it will be dispatched first.
- Store separate shipments of the same food in separate stacks. If this is not possible, place food remaining from a previous shipment on top of newly arrived food so that it can be dispatched first.
- Set the first layer of the stack carefully on the pallets -- this layer is fundamental for maintaining uniform stacks. (See Figure 3 below.)
- Bond or interlace layers bags of grain or processed food to construct the stack. (See Figure 4 below.)
- Line up bags or containers of food with the edge of a pallet. (See Figure 5 below.)
- Place the same number of bags or containers on each level to make counting easy.
- Leave at least one meter between each stack, and between the stacks and walls to facilitate inspections, inventory counts and fumigations. Leave at least one meter of circulation space between the top of the stack and the eaves. (See Figure 6 below.)
- Stack cartons or tins of oil in their upright position.
- Limit stack heights to avoid crushing food on the bottom and excessive floor loading. Do not stack bags of grain or processed food higher than 25 layers, nor containers of oil higher than 10 layers. (See Figure 7 below for an example of a well constructed stack which also can be used like a staircase to easily put food on and take it off.)
- Lift bags and containers and do not throw them.
- Create separate stacks for food in original packages, damaged packages, repackaged food, food suspected and/or declared unfit, and sweepings.
- Take physical inventories by counting from the floor. Climb to the top to observe that the stack is whole and no food has been taken from the center.

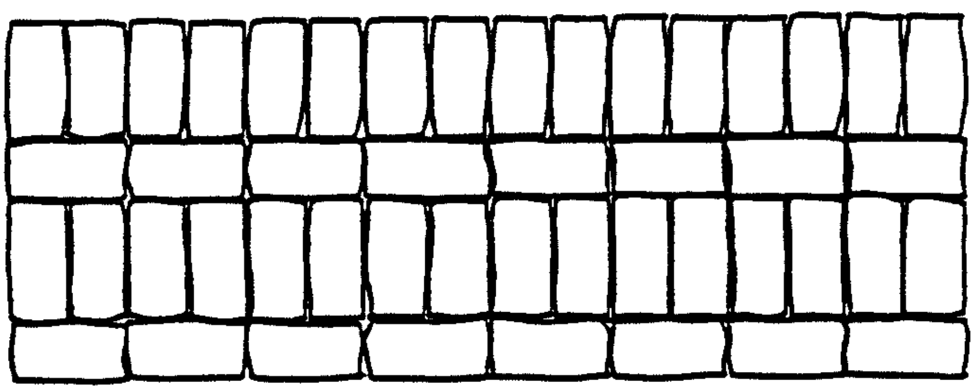


Figure 3a: Correct Stacking Sequence -- Bottom layer as seen from above

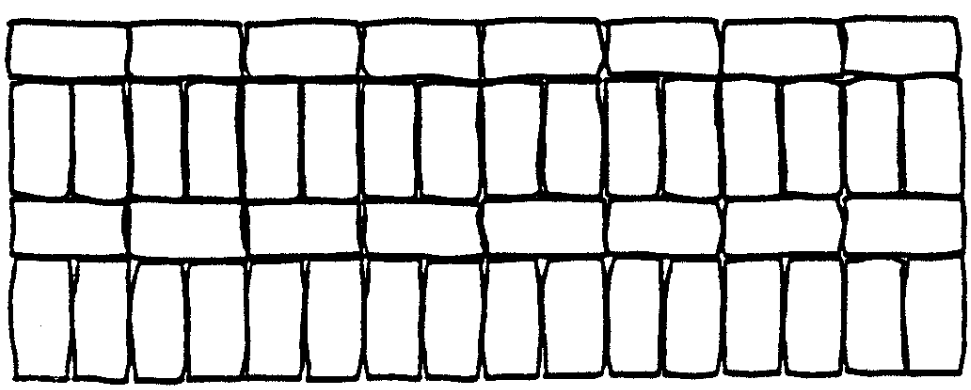


Figure 3b: Correct Stacking Sequence -- Top layer as seen from above

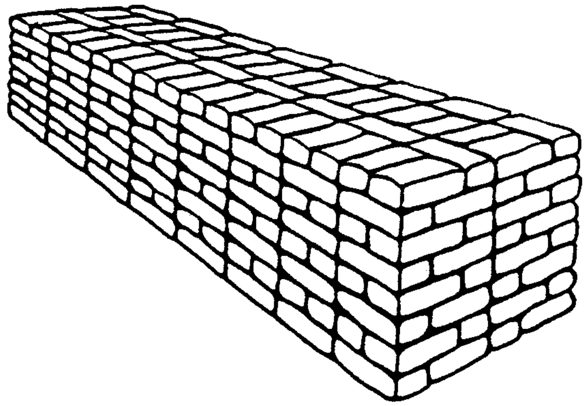


Figure 4: Bonded or interlaced stack

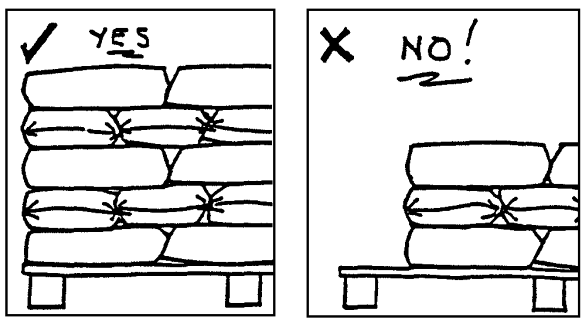


Figure 5: Stacking on pallets

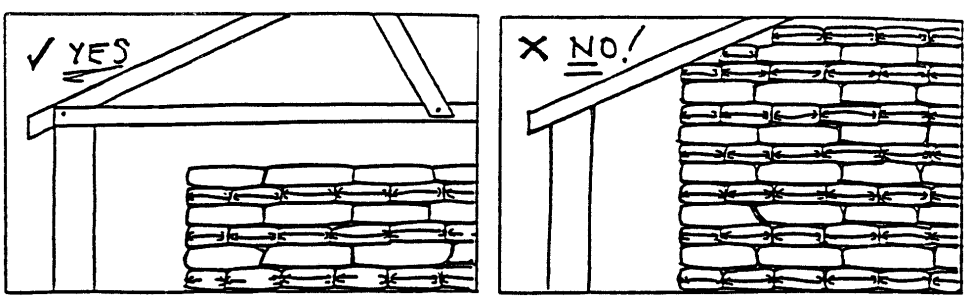


Figure 6: Stacking food to eaves

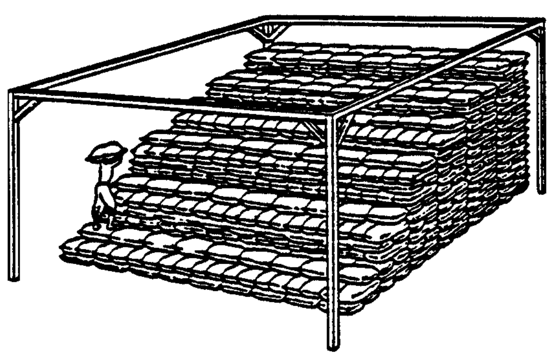


Figure 7: Staircase Stack

D. Stack Cards

Each stack of food must have its own stack card. Stack cards record the receipt and dispatches of food on and off the stack and allow the warehouse manager or storekeeper to assess balances quickly without having to physically count. See ***Inventory Accounting and Reporting*** for information on how to keep stack cards.

E. Physical Counts

Internal Control

Warehouse managers and storekeepers take physical inventories as part of their routine responsibilities. These inventories and reconciliations, however, are not the same as independent inventories and reconciliations taken by independent persons for the country office. See *Internal Control, Inventory Accounting and Reporting,* and ALMIS 4496 -- the *Commodity Accounting Manual*.

1. Physical Inventory is the True Balance

The warehouse manager or storekeeper must insure that food balances shown on stack cards and in warehouse inventory ledgers reconcile with actual amounts of food in the warehouse. **The actual amount of food counted in the warehouse is the TRUE balance.**

If the physical counts, stack cards and ledgers do not reconcile and there is no justifiable reason for discrepancies, the person who has been delegated the duty of keeping the keys to the warehouse can be held liable for the value of any differences.

2. Physical Inventory Schedules

There is no set rule specifying when warehouse managers or storekeepers should take physical inventories and reconcile them with warehouse inventory ledgers. In warehouses where there is a lot of activity, inventories may be taken daily, weekly or bi-weekly. In other warehouses where there is not much activity, the warehouse manager or storekeeper may conduct physical counts monthly.

However, for purposes of better control, country offices should require that warehouse managers or storekeepers, at a minimum, carry out physical inventories at the end of each month. This will facilitate reconciliations with warehouse inventory ledgers and preparation of monthly Commodity Status Reports. (See ***Inventory Accounting and Reporting*** for more information on recordkeeping, inventories and preparing Commodity Status Reports.) More frequent inventories detect more quickly any differences between actual stock levels and stack cards, and warehouse inventory ledger balances.

3. Reconciling Physical Inventories, Stack Cards, and Warehouse Inventory Ledgers

Normally, each stack is identified by location, shipment number and food type. (See an example of a Physical Inventory Form below.) The physical count is listed by shipment number and for each type of food. Counts should equal balances on stack cards and in warehouse inventory ledgers.

Where there are differences between counts and ledgers, warehouse managers and storekeepers must prepare and submit a Loss and Adjustment Report to an authorized person. Only when the Report is approved can the warehouse manager or storekeeper record the difference as a loss (or excess) in the warehouse inventory ledgers.

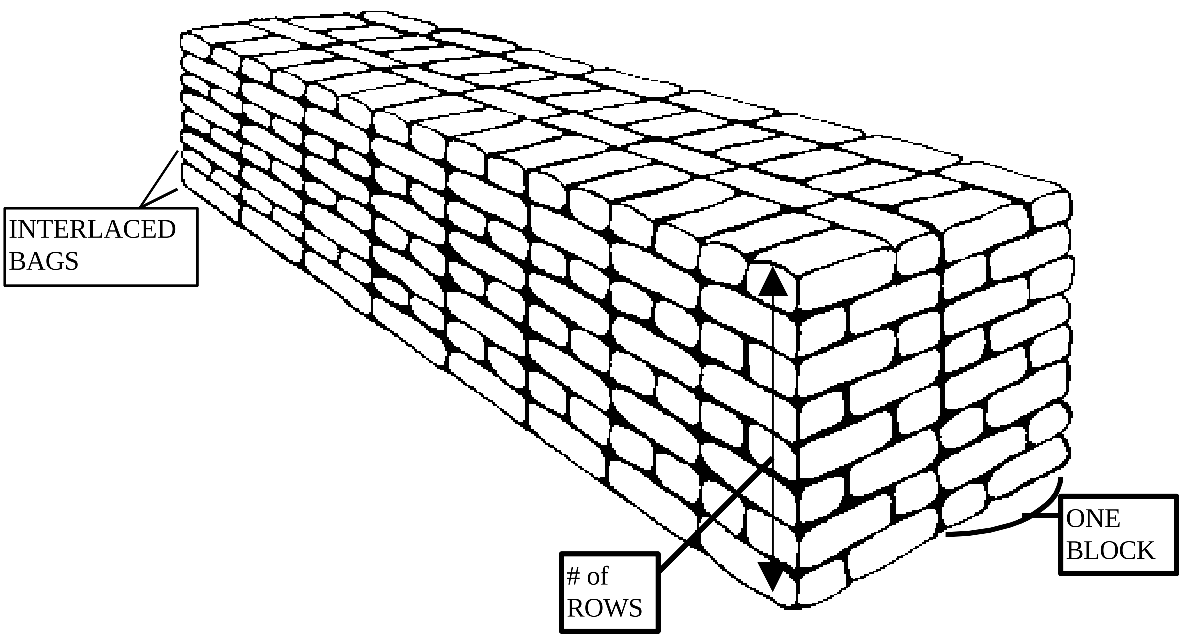


Figure 8: Counting a stack

To take the physical count of one section of the above stack (figure 8): A. add up the number of bags on the two rows completely interlaced (24 bags); B. count the number of blocks (2) at the end of the stack; and add up total number of rows in the stack - top to bottom (8). The stack has (24x2x8) = 384 bags.

Document the physical count on a form, similar to the one below and enter the physical count information for each stack on each respective stack card.

Note any differences between counts and stack card balances and briefly explain on the stack card. The Physical Inventory Form and Stack Cards will provide support documentation for physical inventory information entered in warehouse inventory ledgers.

PHYSICAL INVENTORY FORM

Warehouse Location ______________________

Month/Year:___________________________

Ship-ment #	Donor	Type of Food	Original		Damaged		Repackaged		Suspected Unfit		Declared Unfit		Sweepings		Total	
			Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs
															0	0
															0	0
															0	0
															0	0
Total			0	0	0	0	0	0	0	0	0	0	0	0	0	0

Remarks*: ____

____

Name: _________________________ **Signature: ___________________________**

Title: __________________________

File: Warehouse Monthly Physical Inventory

***This section should be filled out when there is a difference the physical count and warehouse inventory ledger. Reasons should be given for any differences. When Loss and Adjustment Reports are prepared, the numbers of the report should also be included.**

Document losses on the Loss and Adjustment Reports. See ***Losses and Claims*** for additional information.

4. Filing Physical Inventory Reports

Warehouse managers and storekeepers must maintain a file which contains monthly physical inventory reports. They may be included in a shipment file or kept separately, but they must be available for inspection by field monitors or other persons carrying out warehouse inspections.

Country offices should determine whether they also want to have warehouse managers and storekeepers submit reports to their Food and Logistics sections.

V. ROUTINE PROCEDURES

A. Maintenance and Cleaning

Keeping warehouses well-maintained and clean is critical to insuring that the maximum amount of food is available for distribution to program beneficiaries.

1. Maintenance

Warehouse managers and storekeepers must periodically examine the warehouse for structural deficiencies.

- Repair leaking roofs.
- Seal cracks in the warehouse floor, wherever possible.
- Close any openings in the eaves, walls or foundation where birds or rodents can enter.

2. Cleaning

Keeping warehouses clean reduces dust, cobwebs, bird droppings and the risk of insect and rodent infestation. The warehouse manager or storekeeper should develop a cleaning plan which assigns specific duties to warehouse staff. The following table provides one example for a cleaning plan.

Warehouse Cleaning Plan

Daily	Weekly	Monthly
Clean spillage as it occurs. Sweep the floor and dispose of the sweepings according to guidelines in ***Losses and Claims***	Sweep walls and sides of stacks thoroughly. Clean debris in the area surrounding the warehouse.	Sweep roof beams. Clean ventilators.

B. Warehouse Inspections

Warehouse managers or storekeepers should assign someone to inspect warehouses routinely with the focus on cleanliness, maintenance of the structure, and proper storage and accounting practices. The following table lists areas of the warehouse to be inspected and evidence that may indicate problems. For an inspection checklist see **Attachment**, which is taken from CARE's ***Commodity Storage and Handling Manual***, 1992.

Guidelines for Warehouse Inspections

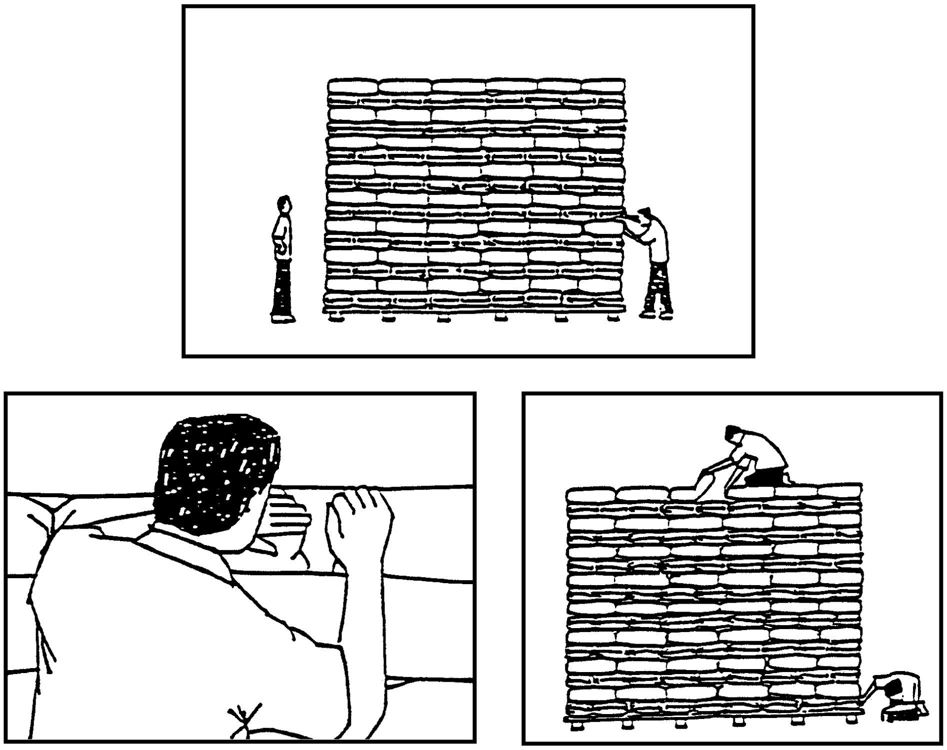
Area to be inspected:	Inspect for:
Outside the warehouse	Cleanliness Condition of roof, walls and windows Security--fences, guards, locked doors and windows
Inside the warehouse	Condition and cleanliness of ceilings, floors and walls Adequate ventilation Placement of rodent baits / traps Presence of hazardous substances such as chemicals and pesticides Presence of fire extinguishing equipment, dates not expired
Food storage area	Distance between stacks, and between stacks and walls Interlaced or bonded stacks Use of pallets free of exposed nails or wooden splinters which may tear bags Segregation of damaged food Insect infestations -visual and sounds Rodent or bird infestations Stale food which has been stored too long Leaking, stained or discolored containers, bulging or rusting cans and caking of food within bags Germination of grain in sacks Short-weight containers
Warehouse office area	Cleanliness Adequate shelving Adequate lighting Condition of office equipment

C. Preventing Damage and Loss

Internal Control

Continually inspect food for damage. If damage is discovered, segregate the damaged from good packages. Depending on the type of damage, reconstitute, fumigate packages or dispose of the affected food in accordance with prescribed procedures. See *Losses and Claims* for information on repackaging or disposing of unfit food and *Inventory Accounting and Reporting* for recording transactions.

When inspecting stacks, climb to the top and spot check bags or containers underneath top layer, and from the side carefully look in between bags or containers.



Figures 9a, 9b, and 9c: Inspection of Stacks
(From CARE's Commodity Storage and Handling Manual, 1992)

Take action based on the guidance listed in the following table. The terms repackaging and reconstitution are used interchangeably.

Controlling Damage to Food

Type of damage	Evidence of damage	Methods of control	Action necessary
Short-weight containers	Bags appear slack. Containers are not as heavy as normal when lifted. Weighing a random sample of bags and containers indicates short-weight.	If bulk shipments, increase vigilance of bagging operation at port. Increase security in storage areas and during transport.	**Repackage** or assign a new weight to the containers. **Prepare** Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Leaking, broken or torn bags or containers	Spilled food in transport vehicle. Food spills from containers during unloading. Bags are torn and containers are dented or crumpled.	Handle properly--do not throw, stack too high or use hooks Contact donor if packaging material/container appears inadequate.	**Repackage food** fit for human consumption. Inspect sweepings and either **reconstitute** or **dispose** of sweepings declared unfit for human consumption. **Prepare** Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Wet, stained or moldy bags or containers	Containers are wet to the touch or dripping. Containers are discolored Unusual smell (moldy or chemical) Caking of food.	Ship in waterproof holds or in adequately sealed cargo containers. Keep under cover when stored outside. Transport using tarpaulins. Insure adequate air circulation. Do not store past expiration date on container. Refer to **USAID *Commodity Reference Manual*** and other donor guidelines on storage period for food.	Inspect and **reconstitute food** fit for human consumption; **dispose** of food declared unfit for human consumption. Food dampened by rain may be dried and reconstituted. **Prepare** Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Bulging or rusted tins	Rust on outside of container, especially near seams and lids. Shape of container is bulging and distorted.	Do not store in direct sunlight Do not store past expiration date on container or longer than four months.	Inspect and **reconstitute food** fit for human consumption; **dispose** of food declared unfit for human consumption. **Prepare** Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.

Rodent or bird infestation	Rodents or birds in the warehouse Excrement on the floor or stacks Gnawed bags or containers Footprints in dust Nests	**Cleanliness** and **maintenance** are critical to preventing infestations. Keep both the outside and the inside of the storage facility clean and free of debris. Close holes or openings in walls, floors and ceilings. If possible place screens over windows and ventilation openings. **Cats** are effective in controlling rodents. **Traps** can be set along the interior walls of the warehouse, at each side of every outside door, and in rafters. Insure that no poisons or traps are accessible to the cats.	Inspect and **reconstitute food** fit for human consumption; **dispose** of food declared unfit for human consumption. **Prepare** Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Insect or moth infestation	Flying insects Live or dead insects or larvae on the floor Traces of insects or larva in dust Grain bags have small holes and excessive dust Noise heard inside the bag Irregular holes in the grain or beans Strong odor	**Cleanliness** is critical to prevent insect infestations. Keep both the outside and the inside of the storage facility clean and free of dust and debris. See CARE's **Commodity Storage and Handling Manual, 1992** for more information on fumigation.	Inspect and **fumigate**; **dispose** of food declared unfit for human consumption. **Prepare** Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.
Sweepings	Loose food from slack or torn bags on warehouse floors Loose food on warehouse floors after reconstitution	Keep bags of food from being handled roughly or moved too many times. Instruct laborers to avoid as much spillage as possible during the reconstitution of food.	Frequently sweep floors to keep them clean. Reconstitute all food that may be fit for human consumption. Determine if sweepings are unfit. Prepare Loss and Adjustment Reports and enter transactions on stack cards and in warehouse inventory ledgers.

D. Disposal of Empty Bags or Containers

Empty bags or containers of food may have a high resale value, depending on the type of container and market conditions in the country where the program is located. Each country office should establish guidelines and procedures for the disposition of empty containers in accordance with donor requirements. Although not specifically mentioned in donor regulations, a country office may choose to set aside some empty containers which can be used for future repackaging of food.

Whether bags and containers are donated or sold, the creative uses by beneficiaries is endless. Oil tins can be used or storage for flower pots, gallon oil tins can be cut up to make oil lamps, funnels, watering cans, card files, even fences. They can even be fashioned into little guitars. These make excellent presents and music. Tin cans can also be used as siding for houses. As you know, aluminum siding was very much in vogue in the USA in the 1960s. Bags also can be used for storage, mats on floors and in some cases they are even used for clothing by cutting out holes for arms and the head.

1. Sale of Bags or Containers

The sale of empty bags or containers should be coordinated among country office logistics, finance and administrative procurement staff. Before deciding whether or not to sell, program managers must determine if the benefits exceed the costs.

Factors to Consider in Selling Bags or Containers

- Value of bag or container in relation to the value of the food it contained. For example, in some countries the value of a pail that contained vegetable oil may be equal to 1/3 of the value of the oil.
- Value of empty containers in general. In some countries empty sacks have a relatively high value, while in others the value is nominal.
- Distance from a viable market or the likelihood that potential buyers will come to warehouses to pick up bags or containers.
- How does sale affect local production of bags and containers?
- Costs involved in selling empty bags or containers-- transport back to central store, labor, advertising, management, and inventory recordkeeping.
- Experience of staff to manage sales.
- Donor requirements and agreements with donors to sell.

Establish a tendering process similar to that used for the sale of food unfit for human consumption. Soliciting competitive bids minimizes the possible appearance of impropriety and maximizes the price for the empty bags or containers. The policies and procedures set forth in CARE USA's ***Procurement Manual for Overseas Operations***.

Obliterate donor markings on the containers with paint or a marker. Seeing containers in local markets whose markings have not been obliterated can create a wrong impression. If it is not feasible to obliterate the markings, notify the donor and reach an agreement in writing about how to proceed.

2. Proceeds from Sales

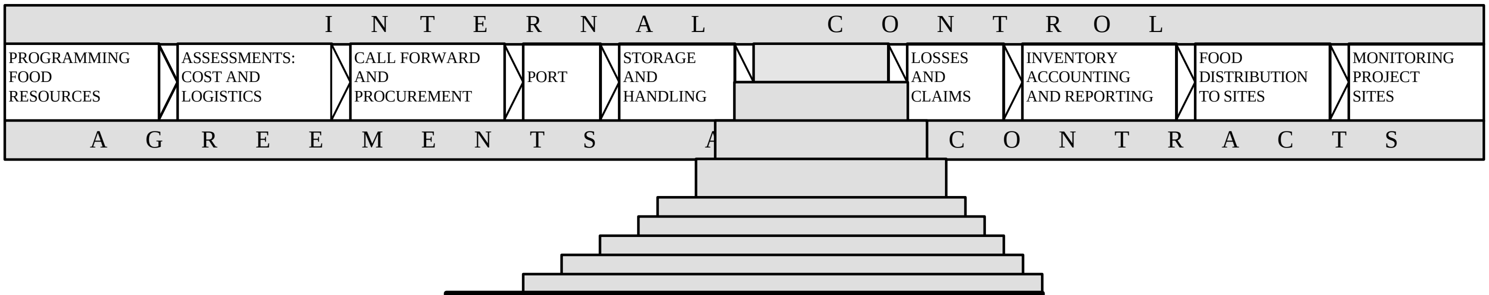
Deduct the costs incurred in selling the bags and containers from sales proceeds. Country offices and counterparts, as applicable, must follow all requirements set forth on the CARE ***Overseas Financial Manual*** when receiving and distributing proceeds received from the sale of empty bags or containers.

CARE Ethiopia Example

CARE Ethiopia has maximized the sales value of empty bags and containers and uses the proceeds to finance projects. CARE trucks, which normally return empty from secondary to primary warehouses, are loaded with empty bags and containers on the return trip. Once a sufficient stock is accumulated, bids are solicited from potential buyers and the award is given to the highest bidder. Potential buyers are invited to examine the bags and material prior to making their bid. A security deposit is required by those submitting bids. This helps to insure that the buyer is serious about the commitment and will take delivery at the time stipulated in the offer. CARE Ethiopia also requires the buyer to take delivery "as is." In other words, the buyer cannot select some bags and containers and reject others but must take the whole lot.

3. Inventory Controls

Controls must be put in place to insure accountability so empty bags or containers are not misappropriated. The same principles and guidelines for managing food in this manual apply.



Food Receipt and Dispatch

Chapter 8

Click on the title of any section below to view

I. THE WAYBILL

A. Purpose

The Waybill is the primary document for the receipt and dispatch of food into and out of all warehouses.

Internal Control

The waybill is analogous to a combined bank check used to withdraw money from a bank and deposit slip to put money in. Waybills must be completely filled out and signed by warehouse managers or storekeepers dispatching food, transporters and receivers of food. Keep blank waybills in a secure place with access limited to the person authorized to prepare the waybill. The country office must determine which office (finance or administration) should order the pre-printed waybills, which often come in blocks of 50 or 100. In coordination with the Logistics Office, a block of waybills will be distributed to the CARE or counterpart port officer or clearing and forwarding agent, and managers of primary and secondary warehouses. Procedures must be developed to keep regional and sub-regional warehouses supplied with waybill forms and to keep track of which waybill numbers have been sent to which warehouses. For example, if there are projects in three different regions, the pre-numbering on the waybill could also include a code for each region and sub-region.

Whether CARE or its counterpart arranges for the transport of food from warehouses, warehouse managers or storekeepers should use a CARE waybill to document the dispatch and subsequent receipt of food. If a counterpart insists on using its own waybills, negotiate an agreement that the counterpart's waybills will contain all the information required in the CARE waybill. If they do not, manually write the information on the waybill prior to signing it. Try, however, to minimize the use of non-CARE waybills.

B. Information on the Waybill

1. General

CARE's pre-printed, pre-numbered waybills capture information on the donor source, shipment numbers, origin and destination of the dispatch, the transporter, standard weight of unit of food, the type and amounts of food being sent, packages of food received damaged, and the routing of waybills for recordkeeping purposes. A country office may include additional information on the waybill that pertains to the specific country situation.

2. Project Number

Tracking information on the actual amount of food being distributed to projects is important to management. At any given time, managers should be able to determine how much food has actually reached project sites. The CARE waybill also includes a reference for Project Numbers (PNs). This section should only be filled out when food is actually dispatched to a distribution site. The PN on the waybills provides the source documentation for preparing management reports on these distributions. See ***Inventory Accounting and Reporting***.

The following are some examples of when to fill in the PN section of the waybill.

Examples

1. **Food is dispatched from a primary warehouse to a secondary regional warehouse. In this case, the PN section would not be filled in because inventory has just been moved from one warehouse to another.**

2. **Food is dispatched from a primary or secondary warehouse by a transporter arranged for by CAREor a counterpart to a distribution site. Here, the warehouse manager or storekeeper of the dispatching warehouse should fill in the PN number as the food has been moved out of CARE's warehouse inventory to the actual project site for distribution.**

3. **Food is picked up at a primary or secondary warehouse by authorized representatives of the project. They arrange for transport to their project site. The warehouse manager or storekeeper fills in the PN.**

See the following distribution plans and allocation forms for more information.

Internal Control

Document the dispatch and receipt of food on a properly authorized waybill, whether from a primary or secondary warehouse, a storage facility of a counterpart, or an outside storage area. Without proper documentation, responsibility for losses cannot be assigned and CARE could be held liable for the value of lost or damaged food, even if not responsible.

C. Control of Pre-Printed Waybills

Country offices must control access to pre-printed , pre-numbered waybill forms the same way that they control access to blank checks for cash transactions.

D. Waybill Authorization

Delegate the authority to dispatch food to a warehouse manager or storekeeper or someone higher up in the organization. Before signing the waybill:

- Insure that the information on the waybill is complete.
- Insure that the type and quantity of food loaded on the truck matches both the information on the waybill and the information in the distribution plan for the project.
- Insure that the delivery location on the waybill matches the delivery location on the distribution plan or the disposition memo for unfit food.
- Obtain the signature of the person taking the food from the warehouse, usually the transporter.

Once these requirements have been met, sign the waybill and the food can be dispatched.

Internal Control

The transporter must also sign all dispatch waybills to document his agreement with the quantities described in the waybill.

II. RECEIPT OF FOOD

A. Ways that Food is Received

Food can be received in any one of six ways:

1. Discharged at Port

This occurs when the Bill of Lading names a port as the destination point. The independent discharge survey occurs at port and CARE, its agent or a local counterpart transports the food directly from the port or port warehouses to CARE or counterpart warehouses, using a CARE waybill.

Country Office Example

CARE Ethiopia receives food at the port of Djibouti and contracts with private transporters to move the food to CARE warehouses in Ethiopia. The forwarding agent in Djibouti completes a pre-printed, pre-numbered CARE waybill for each truck dispatched from port. The receiving warehouse storekeeper in Ethiopia fills out the Receipt Information section of the waybill to document the receipt.

2. Through Bill of Lading

A Through Bill of Lading stipulates a delivery location other than the port. The shipper is responsible for transporting the food from the port to the location named on the Through Bill of Lading. Generally, the delivery location is a CARE or counterpart warehouse. The independent discharge survey occurs at the warehouse and not at the port. Although CARE is not responsible for transportation, CARE should ask the shipping company to use a CARE waybill when the company arranges for transportation out of the port of arrival.

Country Office Example

Food is shipped to CARE Guatemala on a Through Bill of Lading with the primary warehouse in Guatemala City listed as the delivery location. The shipping company transports the food from the port to the primary warehouse. CARE Guatemala contracts a clearing and forwarding agent to keep the country office advised of the status of the food at port and to facilitate the dispatch of the food from the port. An agent is not mandatory at the port when food is shipped on a Through Bill of Lading, but CARE Guatemala has found that the benefits far exceed the costs. The agent has pre-printed, pre-numbered CARE waybills that he prepares for each dispatch from the port. The warehouse manager in Guatemala City records the receipt of each delivery from the port in the Receipt Information section of the waybill.

3. Received as a Loan or Transfer

With donor approval, food may be loaned or transferred from another NGO, the World Food Program or from another CARE project. CARE will repay loans from future stocks. A transfer is an allocation from one donor program to another and is not repaid.

If CARE arranges for transport, a CARE waybill is used to document the receipt. If CARE does not arrange for transport, the warehouse manager or storekeeper must insure that the receiving information included on the waybill matches that on CARE’s waybill. If not, the warehouse manager or storekeeper should write the information in the Receipt section of the non-CARE waybill and intial changes/additions along with the transporter.

Country Office Example

USAID approves the loan to CARE of 1,000 MT of wheat from another NGO in Ethiopia. CARE arranges for the transport from the NGO's warehouse to the CARE warehouse, using CARE waybills. The receiving warehouse storekeeper uses the Receipt Information section of the waybill to document the receipt of the loan. The same process occurs for a transfer.

In another case, a loan is approved, but the other NGO transports the food from its warehouse to a CARE or counterpart warehouse using its waybills. If the Receipt section of the NGOs waybill is different than the CARE waybill, the CARE or counterpart warehouse manager or storekeeper should make certain that he/she includes on the NGO waybill all the information required for the Receipt Information section of the CARE waybill. Once this is done the warehouse manager or storekeeper and the transporter would sign the waybill.

4. Received as a Repayment of a Loan

Another organization or CARE project repays a loan. If the food is transported on a non-CARE waybill, the storekeeper should include all the information requested on the standard CARE waybill, initial changes and additions, and sign along with the transporter.

Country Office Example

Another NGO in Ethiopia repays 500 MT of wheat that CARE had previously loaned to them. The NGO transports the food from their warehouse to a CARE warehouse, using their own waybill. The receiving warehouse storekeeper notes that the waybill does not contain all the information included on the Receipt Infomation section of CARE's waybill. She writes the additional information on the waybill, then she and the transporter sign it.

5. Transferred to Another Warehouse

Food is often transferred from one CARE or counterpart warehouse to another warehouse, port warehouses to primary or secondary warehouses, or from primary or secondary warehouses to food distribution sites.

Country Office Example

CARE Haiti receives food at its primary warehouse in Gonaives. Some of this food is then transferred to a secondary warehouse in Bombardapolis. CARE waybills are used to dispatch the food. The Bombardopolis storekeeper uses the Receipt Information section of the waybill to document receipt.

6. Returned to the Warehouse

A truck may not be able to make a delivery due to poor road conditions, or the receiver may not accept some or all of the food due to its condition or for lack of storage space. Food may be returned on the same truck that brought it, or it may be returned at a later date on a different truck. When food is returned, the warehouse manager or storekeeper notes the quantity and condition of the food on the Receipt Information section of the waybills.

Country offices should pay special attention when food is not returned by the transporter who originally delivered it, especially when food is being returned from distribution sites. Unscrupulous transporters and warehouse managers and storekeepers may attempt to divert some of the food being returned.

First, if food does not reach its destination, all the food is returned. In this case, the warehouse manager and storekeeper of the dispatching warehouse would fill in the Receipt Information section of the waybill and sign along with the driver when the food is returned.

Country Office Example

CARE Haiti dispatches a truck with 100 bags of wheat and twenty containers of vegetable oil to be delivered to ten feeding centers, 10 bags of wheat and 2 containers of oil for each center. The truck carries ten waybills--one waybill for each delivery location. Due to heavy rains, the truck is not able to make deliveries to five feeding centers and returns to the warehouse with fifty bags of wheat and ten containers of vegetable oil. The warehouse storekeeper acknowledges receipt and documents the return of the food on the Receipt Information and the Remarks sections of the waybill for the five centers that did not receive food.

Second, sometimes the food reaches its destination, but all or part of the dispatch is returned immediately to the dispatching warehouse. The food may be damaged or there may not be sufficient storage space in the receiving warehouse.

If food is returned by the original transporter, the person receiving and returning the food should:

- Fill in the Receipt Information section of the waybill from the dispatching warehouse. Write in the Remarks section of the waybill the number of bags or containers being returned, their condition, and reasons for the return. A copy of this waybill is not returned to the original dispatching warehouse. See Routing the Waybill below.
- Prepare a new waybill[1] to document the dispatch of the food from the distribution site back to the dispatching warehouse. The new waybill should reference the original waybill number. The new waybill accompanies the transporter back to the original dispatching warehouse.
- Keep both waybills on file for CARE food monitors or other persons to review.

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[1] If distribution sites do not have blank waybills, they should write a letter containing all information requested on the waybill. It should be signed by the authorized person at the distribution site and the transporter.

When food is returned to the original dispatching warehouse, the warehouse manager or storekeeper should:

- Sign the receipt section of the receiver's waybill or letter along with the transporter.
- Attach the receiver's new waybill or letter to the original waybill. The receiver's waybill or letter becomes the support document for the return.

Third, in some cases, food is not returned to the original dispatching warehouse until days or weeks after its delivery. Follow the same procedures as above. The original dispatching waybill will already have been returned by the transporter. The transporter must submit this waybill for payment. The receiver's new waybill should be attached to the copy of the original dispatching waybill on file with the commodity accountant in the country or regional office.

B. Procedures for Receiving Food

1. Unloading

Food is unloaded from trucks or rail cars to loading docks or floors of warehouses and then placed in stacks. In some warehouses a truck may enter the warehouse and the food can be placed directly in stacks. Minimizing the number of times food is handled reduces handling charges as well as damages that occur when bags or containers are repeatedly moved and dropped.

Temporary day laborers usually unload food from the truck to a warehouse. The warehouse storekeeper or a designate must be present to count the number of bags and containers coming off the truck and observe their condition. The transporter should also be present. The receiver and the transporter should reach agreement on the quantity and quality of the food unloaded. If they cannot agree, the transporter is required to note any differences in the Remarks section of the waybill.

All damaged packages must be segregated, repackaged and inspected to determine if the food is fit for human consumption.

The warehouse manager or storekeeper or his/her designate must insure that food is stacked properly. See ***Storage and Handling*.**

Country Office Example

At CARE Guatemala's primary warehouse in Guatemala City, the truck enters the warehouse and stops next to the area where the food will be stacked. A wooden plank is extended from the truck bed to the floor; day laborers take a container or bag, walk down the plank, and place it on the pallets. As the stack grows in height, the plank is moved onto the stack. The food is stacked like a staircase with the back of the stack higher and the remainder of the stack in different levels, descending from the highest level at the back of the stack to the lowest level at the front. The day laborer then walks up the stairs and places the bag or container on the stack, so each bag or container is only handled only once. The workers and assistant storekeeper look for damaged food as it is unloaded and segregate it immediately.

2. Counting

Count bags or containers of food by type, either with a hand-held "clicker counter" or tally sheets, to keep a running total as food is unloaded.

Internal Control

CARE or counterpart warehouse managers or storekeepers must reconcile the physical count with the information on the waybill and with the count taken by the transporter, prior to signing the waybill. Once the waybill is signed by all parties, it will then be difficult or not even possible for CARE or its counterparts to later claim that a transporter is liable for any damages not acknowledged at the time the waybill was signed.

3. Damaged Packages

Damaged packages are evidenced by:

- Short-weight bags or containers
- Leaking, broken or torn bags or containers
- Wet, stained or moldy bags or containers
- Rusted or bulging containers
- Feces from rodents in bags or containers
- Insect-infested bags or containers.

Segregate damaged food and either:

- Repackage
- Fumigate infested food
- Dispose of food declared to be unfit for human consumption.

See ***Losses and Claims*** on repackaging and disposing of unfit food.

C. Documenting the Receipt of Food

1. Complete the Receiving Waybill

For information on how to record waybill information on stack cards and Warehouse Inventory Ledgers see ***Inventory Accounting and Reporting***. Below are examples of some port transactions followed by sample filled out waybills.

Example 1 -- Waybill # 850

- 29 October -- 1,000 bags are dispatched from port warehouse to warehouse #1 via Waybill # 850.
- 29 October -- The truck carrying Waybill #850 from the port warehouse arrives at warehouse #1. A total of 975 bags of food are unloaded, of which five bags are torn and leaking, and two are stained and appear to be unfit for human consumption.

Example 2 -- Waybill #853

- 31 October -- 1,000 bags are dispatched to warehouse #1 via Waybill #853.
- 31 October -- The truck carrying Waybill #853 arrives at warehouse #1 and unloads 1,010 bags, of which five are torn and leaking, three are moldy, and ten are underweight by five kilos each.

Example 3 -- Waybill #854

- 1 November -- 1,000 bags are dispatched from the port warehouse to warehouse #1 via Waybill #854.
- 1 November -- The truck carrying Waybill #854 from the port warehouse arrives at Warehouse #1 and unloads 990 bags.

850

CARE WAYBILL

Dispatching Warehouse # : _PORT WAREHOUSE
Date: _____29/10_________
Receiving Location: ___WAREHOUSE #1____________
Transporter: ____________________
Project Number: ______________________________
Truck #/ Trailer #: _________________

Dispatch Information:

Commodity	Shipment #	Unit: bag/carton/ drum	Unit weight kgs.	Good Units		Repackaged Units		Total Units		Total Weight MTs
				Units	Kgs	Units	Kgs	Units	Kgs	
WHEAT	3054	BAG	50	1000				1000		50
										0
										0
		TOTAL	50	1000	0	0	0	1000	0	50

Remarks: ____

____

___PORT_________________________ ______________________________ __29/10_____
STOREKEEPER NAME Signature Date
___TRANSPORTER_________ ______________________________ __29/10____
DRIVER NAME Signature Date

Receipt Information:

Commodity	Ship. #	Unit: bag/ carton/ drum	Unit weight kgs.	Units rec'd good		Units short		Units rec'd						Total Receipts	
								Slack/ torn		Wet/stained		Other			
				Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs
WHEAT	3054	BAG	50	968		25		5		2				1000	0
														0	0
														0	0
TOTAL			50	968	0	25	0	5	0	2	0	0	0	1000	0

Remarks: __TWO STAINED/LEAKING BAGS APPEAR UNFIT. DAMAGED FOOD TO BE RECONSTITUTED. LOSS TO BE DETERMINED AFTER REPACKAGING

WAREHOUSE MGR/WAREHOUSE #1 ______*signed*_________________ _29/10______
RECEIVER NAME Signature Date
__TRANSPORTER___________________ ______*signed*____ ________________ _29/10______
DRIVER NAME Signature Date

Original Commodity Accountant Finance Section	**Copy 1** Commodity Accountant Finance Section	**Copy 2** Transporter	**Copy 3** Receiver Location	**Copy 4** Dispatch Location

853

CARE WAYBILL

Dispatching Warehouse # : _PORT WAREHOUSE_______ Dispatch Date: ____31/10_ __________
Receiving Location: ____WAREHOUSEE#1_ _________ Transporter: ______________________
Project Number: _______________________________ Truck #/ Trailer #: _________________

Dispatch Information:

Commodity	Shipment #	Unit: bag/ carton/ drum	Unit weight kgs.	Good Units		Repackaged Units		Total Units		Total Weight MTs
				Units	Kgs	Units	Kgs	Units	Kgs	
WHEAT	3054	BAG	50	1000				1000		50
										0
										0
		TOTAL	50	1000	0	0	0	1000	0	50

Remarks: ____

____

__________________________________ __________________________________ _31/10_____
STOREKEEPER NAME Signature Date
__________________________________ __________________________________ _31/10_____
DRIVER NAME Signature Date

Receipt Information:

Commodity	Ship. #	Unit: bag/ carton/ drum	Unit weight kgs.	Units rec'd good		Units short		Units rec'd						Total Receipts	
								Slack/ torn		Wet/stained		Other			
				Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs
WHEAT	3054	BAG	50	992				5		3		10		1010	0
														0	0
														0	0
TOTAL			50	992	0	0	0	5	0	3	0	10	0	1010	0

Remarks: __1010 BAGS INSTEAD OF 1000 BAGS RECEIVED. DAMAGED AND SHORT WEIGHT BAGS TO BE REPACKAGED. ANY LOSSES AFTER REPACKAGING TO BE CHARGED TO TRANSPORTER

WAREHOUSE MANAGER WRHS #1 ______*signed*________________ __31/10_____
RECEIVER NAME Signature Date
__________________________________ ________*signed*_______________ 31/10_____
DRIVER NAME Signature Date

Original Commodity Accountant Finance Section	**Copy 1** Commodity Accountant Finance Section	**Copy 2** Transporter	**Copy 3** Receiver Location	**Copy 4** Dispatch Location

CARE WAYBILL

854

Dispatching Warehouse # : ____PORT______________ Dispatch Date: ___1/11_____________
Receiving Location: __WAREHOUSE #1____________ Transporter: ______________________
Project Number: _______________________________ Truck #/ Trailer #: _________________

Dispatch Information:

Commodity	Shipment #	Unit: bag/carton/ drum	Unit weight kgs.	Good Units		Repackaged Units		Total Units		Total Weight MTs
				Units	Kgs	Units	Kgs	Units	Kgs	
WHEAT	3054	BAG	50	1000				1000		50
										0
										0
		TOTAL	50	1000	0	0	0	1000	0	50

Remarks: ____

____

_________________________________ _________________________________ __1/11_____
STOREKEEPER NAME Signature Date

_________________________________ _________________________________ ___________
DRIVER NAME Signature Date

Receipt Information:

Commodity	Ship. #	Unit: bag/ carton/ drum	Unit weight kgs.	Units rec'd good		Units short		Units rec'd						Total Receipts	
								Slack/ torn		Wet/stained		Other			
				Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs	Units	Kgs
WHEAT	3054	BAG	50	992				5		3		10		1010	0
														0	0
														0	0
TOTAL			50	992	0	0	0	5	0	3	0	10	0	1010	0

Remarks: _________ __10 BAGS NOT DELIVERED____

____

WAREHOUSE MANAGER WRHS #1 _________________________________ __1/11
RECEIVER NAME Signature Date

_________________________________ _________________________________ __1/11
DRIVER NAME Signature Date

Original Commodity Accountant Finance Section	**Copy 1** Commodity Accountant Finance Section	**Copy 2** Transporter	**Copy 3** Receiver Location	**Copy 4** Dispatch Location

2. Authorization of Receipts

The Country Director of a CARE office or its counterpart must delegate the authority for acknowledging receipt of food to a warehouse manager or storekeeper. Country offices must keep up-dated records (with sample signatures) of all CARE and counterpart staff who have authority to receive food. See ***Agreements and Contracts***.

Internal Control

Everyone who is authorized to sign for the receipt of food must be informed that they may be held responsible for all the food for which they sign, regardless of the actual quantity and quality. They must therefore inspect food and document any damages to packages or missing food prior to signing the waybill.

a. Acknowledging Receipt

Internal Control

Warehouse managers or storekeepers must fully complete the Receipt Information section of the waybill regardless of whether food is received from a primary or secondary warehouse, a storage facility of a counterpart, or an outside storage area. If a CARE waybill does not accompany the food, write the information on the waybill that does accompany the food. Failure to write complete information exposes the warehouse manager or storekeeper, and ultimately CARE, to liability for the value of all losses.

Country Office Example

CARE Haiti uses computer-generated waybills for food dispatched to community feeding centers. As part of the agreement, each center must designate two people who are authorized to receive food on behalf of the feeding center. Their names are printed in the "acknowledgment of receipt" section of the waybill. At least one must be present to sign or food will not be unloaded at the center.

b. Acknowledging Delivery

When the transporter delivers, unloads and counts food, he must also sign the waybill. The transporter's signature acknowledges delivery of the same quantity and condition of food as the person responsible for receipt. If the transporter does not agree with the receiver's information, he should not sign the waybill but rather should write an explanation in the Remarks section of the waybill.

If the transporter does not sign the waybill and does not write anything in the Remarks section of the waybill, he can be held responsible for any losses from this delivery.

3. Documentation of Damages to Unfit Food

See ***Losses and Claims*** for complete information on damaged packages and unfit food. To the extent possible, rebag food which arrives in damaged packages and/or segregate food which is suspected of being unfit at the time it is received. Include the information on the Remarks section of the waybill. If however a large quantity of bags or containers arrives damaged and the transporter cannot wait for the food to be placed in new packages, the warehouse manager, storekeeper or other person must fill out, by categories, the number of units damaged in the Quantity Received Damaged section of the Receipt Information section of the waybill.

It is important that the Remarks section also be filled out, saying repackaging and analysis of suspected unfit food will take place at a later date. The transporter will be notified of losses, and the value of those losses will be subtracted from the transporter's invoice.

When the food is repackaged or declared unfit at a later date, complete a Loss and Adjustment Report, detailing the amount that was lost during repackaging and declared unfit. The Loss and Adjustment Report is used to make adjustments to balances recorded in the warehouse inventory ledgers and to support the extent of losses that are the responsibility of the transporter. Be certain to reference the waybill number on the Loss and Adjustment Report. This will be the basis for the claim against the transporter.

4. Excess Receipts

In some cases more food may be delivered than is listed on the waybill. When this occurs, add the excess amount onto the receiving waybill. In the example of transactions shown above, an excess of ten bags of wheat were delivered to the warehouse via Waybill # 853. However there was a shortage of ten bags on the next delivery made via Waybill # 854. It would appear that ten bags from Waybill #854 may have been erroneously put onto the truck carrying Waybill # 853.

The warehouse manager or storekeeper should wait until all food has been delivered from a shipment to determine if the excess on one waybill cancels the shortage on another waybill.

Helpful Hint

One way to reduce the risk that excess receipts will not be reported by a warehouse storekeeper is to require the transporter to deliver waybills directly to the warehouse manager before food is unloaded. The warehouse storekeeper is thereby not aware of the amount listed on the waybill. The storekeeper documents the quantity and quality of food received and passes this information to the warehouse manager. The warehouse manager then completes the Receipt Information section on the waybill. This procedure requires the storekeeper to count the food and not to rely on the waybill. It also reduces the possibility that a storekeeper would not report an excess receipt.

5. Documenting Receipt of Food Shipped on a Through Bill of Lading

On a Through Bill of Lading, the independent discharge survey and customs clearance are conducted at a designated warehouse outside the port authority. See ***Port*** for more information about the additional documentation requirements for customs clearance and the independent discharge survey. See ***Inventory Accounting and Reporting*** for information on how receipts would be entered on stack cards and warehouse inventory ledgers.

6. Routing the Waybill

A CARE waybill has an original and four copies. The warehouse manager or storekeeper at the dispatching warehouse completes the waybill and signs it along with the transporter.

- The original waybill is sent by the dispatching warehouse to the commodity accountant in the finance section of the CARE country, state or regional office (Reference Almis #4496 ***Inventory Food Commodities - Commodity Accounting Manual*** **)** to record the dispatch in CARE's financial ledgers.
- Copies one, two and three of the waybill are then taken by the transporter to the receiving location.
- Once the Receipt Information and Remarks sections of the waybill are filled out and signed by the receiver and transporter, copy one of the waybill is returned to the commodity accountant in the CARE country, state or regional office, copy two is for the transporter and used for requesting payment, and copy three remains at the receiving location.
- The fourth copy never leaves the dispatching warehouse. It is used to support entries recorded by warehouse managers or storekeepers in the dispatching warehouse's inventory ledgers.

Summary of Waybill Routing

Waybill part	Routed to	Routed when
Original	Commodity accountant in the Finance section in country, state, regional or area office	When authorized for dispatch and signed by transporter who confirms the receipt of food dispatched from the warehouse.
Copy 1	Commodity accountant in the Finance section in country, state, regional or area office	After receiver and transporter sign waybill acknowledging receipt and delivery of the food at the receiving location.
Copy 2	Transporter	After receiver and transporter sign waybill acknowledging receipt and delivery of the food at the receiving location.
Copy 3	Receiving warehouse	After receiver and transporter sign waybill acknowledging receipt and delivery of the food at the receiving location.
Copy 4	Dispatching warehouse	When authorized for dispatch and signed by transporter who confirms the receipt of food dispatched from the warehouse. **This copy remains with the dispatching warehouse. It is not taken by the transporter.**

CARE-Ethiopia Example

Helpful Hint -- CARE Ethiopia uses multi-colored waybills--each copy is a different color. This makes it easier to identify the source and insure that each copy of the waybill is routed to the appropriate person.

III. DISPATCH OF FOOD

A. Distribution Plans for Projects

The decision to dispatch food between warehouses or from warehouses to distribution sites must be based on a distribution plan for each project (by PN) prepared by the CARE or counterpart project manager or other authorized person. The plan, unless otherwise approved by the donor, is based on the ration size for beneficiaries set out in the program proposal approved by the donor.

1. Pipeline Analysis

Project and logistics managers can use an analysis similar to the Pipeline Analyses described in ***Call Forward and Procurement*** to determine what stocks are on hand, what arrivals and distributions are anticipated for a designated period, and what will need to be ordered to keep the warehouse or distribution site stores adequately stocked to meet project food resource needs.

Project managers may want to send additional food in anticipation of the rainy season when transporters may not be able to reach project sites.

Depending on the nature and scope of the project, pipline analyses may be prepared daily, weekly or quarterly. Ideally, project and logistics managers will know actual stock balances in warehouses or distribution sites. However, with frequent distance and communication problems between warehouses and distribution sites, managers will likely have to estimate stock levels to carry out their analysis and make distribution plans.

2. Distribution Plan

a. For Projects

Once the pipeline analysis is completed, the project and logistics managers develop a specific distribution plan for each project (by PN) which authorizes warehouse managers or storekeepers to dispatch food to designated warehouses or distribution sites. Plans will have to take into account storage capacity of receiving warehouses.

Internal Control

The distribution plan provides the warehouse manager or storekeeper with the information about when, where and how much food should be dispatched for a project and the authorization to dispatch it. In order to assure that responsibilities among personnel are segregated and that adequate controls over food inventory are in place, warehouse managers or storekeepers cannot determine where food should be sent and arrange for its dispatch on their own.

CARE/Guatemala Example

CARE Guatemala's food programming section prepares all waybills based on a distribution plan. The program director signs the waybills and passes them to the warehouse manager for dispatch. The warehouse manager reviews the waybill for completeness, verifies the approval signature of the program director and obtains the signature of the truck driver after the food has been loaded on the truck. Food cannot leave the warehouse until the warehouse manager and the driver sign the waybill.

The distribution plan:

- Names the receiving warehouse, organization or institution
- Provides the number of units/kgs to dispatch to each project
- Provides a time period for dispatch
- Identifies the transporter or person who will pick up the food on behalf of the organization or distribution site receiving it

- Includes columns and rows to show dates of dispatches from warehouses and remaining balances
- Includes the name and signature of the person(s) authorized to approve the plan.

Depending on the program, the warehouse manager may also prepare an individual allocation form for each warehouse or site, in addition to a distribution plan. For example, a distribution plan shows 250 bags of corn going to Warehouse B for Project FFW. However, because of limited transport, the bags will have to be moved in three different trips. The warehouse manager or storekeeper prepares waybills for each dispatch and fills out an allocation form as follows:

Date	Project Name/PN	Total Allocation	Waybill #	# Dispatched	Allocation Balance
10/1	PN 22 - FFW	250	150	75	175
10/5	“ “	-	154	100	75
10/9	“ “	-	160	75	0

Dispatches shown and remaining balances on distribution plans and allocation forms can be reconciled with the warehouse inventory ledgers and serve as a cross-check for the authorized movement of food.

Space on distribution plans or use of allocation forms to show remaining balances to be moved to other warehouse or distribution sites should greatly help warehouse managers or storekeepers keep track of where and how much food is to be moved for each project (PN).

b. For Loans or the Disposal of Unfit Food

Authorized managers in country offices make decisions about making or repaying loans and disposing of unfit food, not warehouse managers or storekeepers. Country offices will need to develop procedures to keep warehouse managers and storekeepers advised of when loans or transfers of food will be received, loans will be be paid back and when and how to dispose of unfit food.

B. Types of Warehouse Dispatches

There are five ways that food leaves the warehouse:

1. For Distribution to Program Participants

This includes food dispatched to counterpart stores at distribution sites as well as food dispatched directly by CARE to program participants.

Country Office Example

CARE Peru dispatches food from its warehouses in Lima to various community centers in the Lima area where it is cooked and distributed to participants. An authorized CARE waybill is used to document the dispatch of food from the warehouse.

2. As a Loan or Transfer

With donor approval, food may be loaned or transferred by CARE or its counterpart to another organization such as an NGO, the World Food Program or another CARE or counterpart project. A loan is repaid from future stock, while a transfer is an allocation from one donor program to another and is not repaid. If CARE or the counterpart arranges for the transport, a CARE waybill is used. If CARE or the counterpart does not arrange for the transport, insure that the dispatch information included on the waybill complies with all the dispatch information required on CARE's waybill, and initial changes/additions.

Country Office Example

USAID authorizes CARE Ethiopia to loan 1,000 MT of wheat to another NGO operating in Ethiopia. The NGO arranges for the transport of the wheat from the CARE warehouse to the NGO warehouse. The CARE warehouse storekeeper completes the Dispatch Information Section of the waybill, and signs and dates the waybill. The transporter also signs.

3. For Repayment of a Loan

Borrowed food is repaid according to the loan agreement approved by the donor.

Country Office Example

CARE Ethiopia's Project #1 repays Project #7 with 500 MT of wheat. This wheat was borrowed from a shipment of Project #7 wheat. The storekeeper completes the top part of the waybill, Dispatch Information Section, and with the transporter signs and dates the waybill, to document the dispatch of 500 MT of wheat to Project #7.

4. For Transfer to Another Warehouse

Food is transferred from the port to primary or secondary warehouses; primary to secondary warehouses; or from a primary or secondary warehouse to food distribution sites.

5. After Being Declared Unfit for Human Consumption

Food declared to be unfit for human consumption is dispatched from the warehouse for sale, donation or destruction. See ***Losses and Claims*****.**

Country Office Example

Due to inadequate door seals on the containers used to ship wheat to Guatemala, some bags of wheat were contaminated with sea water. After the wheat was declared unfit for human consumption, CARE Guatemala sold it to a buyer to be used for fertilizer. The bags of unfit food were dispatched from the warehouse using CARE waybills.

Internal Control

Warehouse managers or storekeepers are never authorized to dispatch unfit food until they have prepared a Loss and Adjustment Report. Only after the Loss and Adjustment Report has been approved can warehouse managers or storekeepers dispatch the unfit food and record the removal in warehouse inventory ledgers. See *Losses and Claims* and *Inventory Accounting and Reporting*.

C. Procedures for Dispatching Food

1. Dispatch of Food

Before dispatching food from a warehouse, make certain that stacks are accessible for loading. FIFO (**F**irst **I**n **F**irst **O**ut) is the best method of dispatching food from a warehouse. Food that was received first is dispatched first, except in the case of reconstituted and damaged food where storekeepers must use their judgment and consider other factors such as spoilage, infestation and shelf life. For example, a storekeeper may decide to dispatch food which has been infested and fumigated before other food that arrived earlier but has not been infested.

Other planning considerations include:

- Quantity of food in the warehouse
- Number of temporary workers required for loading
- Number of trucks required for transport.

See ***Food Distribution to Sites*** for information on how much food to dispatch food from a warehouse.

2. Loading

Depending on the warehouse, either load food directly from the stack to the truck, or place it in piles on the warehouse floor and then load it onto trucks. Minimizing the number of times food is handled reduces handling charges as well as damages that can occur when bags or containers are moved or dropped.

Country Office Examples

CARE Haiti dispatches bulgur wheat, fish, oil, and CSB to a feeding center. Normally, a truck delivers to more than one feeding center in a single trip. The food for each feeding center is placed in a separate pile on the warehouse floor. Each center has its own numerical institution code which is written by warehouse staff on the appropriate bag or container of food. The storekeeper must fill out separate waybills for each distribution site. The assistant warehouse storekeeper counts the food by type as it is loaded on to the truck. Food which will be delivered last is loaded first. S/he reconciles the count with the information contained in the waybills with the count of the transporter. If no differences exist, the warehouse storekeeper signs the waybills.

CARE Guatemala dispatches wheat, oil and CSB to regional centers from their primary warehouse in Guatemala City. Normally a truck delivers to only one regional center at a time. Only one waybill is prepared. The truck enters the warehouse and the food is loaded directly from the stacks to the truck. The assistant storekeeper counts the food by type as it is loaded onto the truck and reconciles this information with that listed on the one waybill and the count of the transporter. If no differences exist, the warehouse manager signs the waybill.

3. Counting Food

The warehouse manager, storekeeper or another designated person must count units of food by type as they are loaded onto the truck. Either a “clicker counter” or tally sheets can be used to keep a running total. The physical count must be reconciled with the information on the waybill and with the transporter’s count. Resolve any difference in the count prior to signing the waybill.

4. Damaged Food

Warehouse managers and storekeepers must inspect all food as it is loaded onto the truck, and segregate any food for eventual repackaging, fumigation or disposal. Never knowingly dispatch damaged food.

D. Documenting the Dispatch of Food

1. Completing the Dispatch Waybill

Internal Control

Waybills are the primary documents for recording dispatches (withdrawals) of food from warehouses. Waybills must be completely filled out and signed by the warehouse managers or storekeepers and countersigned by the persons receiving food at the time the food is dispatched.

Guidelines for use and control of pre-numbered and pre-printed waybills are discussed in the Receipt Section of this chapter.

Delegate the authority to dispatch food to a warehouse manager or storekeeper or someone higher up in the organization. Before signing the waybill:

- Insure that the information on the waybill is complete.
- Insure that the type and quantity of food loaded on the truck matches the information on the waybill and that in the distribution plan for the project (PN).
- Insure that the delivery location on the waybill matches the delivery location on the distribution plan or the disposition memo for unfit food.
- Obtain the signature of the person taking the food from the warehouse, usually the transporter.

Once these requirements have been met, sign the waybill and the food can be dispatched.

Internal Control

The transporter must sign all dispatch waybills to document his agreement with the quantities described in the waybill.

2. Routing of Waybills

Waybill routing information is found above in the receipt of food section.

3. Documenting Distributions of Food Directly Out of Warehouses to Beneficiaries

Food is sometimes distributed directly from the warehouse to beneficiaries in the early stages of an emergency or where a warehouse is located at the project site. This section covers those cases where food is distributed from enclosed warehouses. Open sites are considered food distribution sites, and waybills are not prepared. Guidelines set forth in ***Food Distribution to Sites*** apply.

a. Emergencies

When food is distributed directly to beneficaries during an emergency, project managers or warehouse managers/storekeepers may maintain a list or tally of how many persons received food, how much was given to each person and the total amount distributed. At the end of the distribution, the list would be signed by the project manager and storekeeper and dated.

Keeping count in this way is analogous to keeping track of the amount of food loaded onto trucks at the time of a dispatch.

Once the list is totaled, the warehouse manager and storekeeper could prepare the Dispatch Information section of the waybill and the project manager could fill in the Receipt Information section. The list should then be attached to the waybill as the supporting document.

A community leader may also be identified to sign the distribution list and waybill along with the project manager.

The waybill should be routed like any other waybill with the original going to the commodity accountant in the finance section of the country or regional office.

b. Distributions Other Than Emergencies

If a primary or secondary warehouse also serves as an actual food distribution site, the procedures and guidelines in ***Food Distribution to Sites*** apply. Distributions should be based on authorized beneficiary lists. At the end of a distribution, a warehouse manager or storekeeper prepares a waybill, and fills out the Dispatch Information. The community leader could sign the Receipt Infomation section.

For all distributions, warehouse managers must record the Project Number on the waybill. This is needed for preparation of Commodity Status Reports.

4. Documenting Distributions by Airlifts

Sometimes in emergencies, food must be airlifted into emergency sites. In these case, a donor like WFP might arrange for the flights, or in some instances, CARE may arrange for airlifts.

a. Donor Arranges Airlift

Arrival at Airfield

When food is airlifted, CARE or counterpart staff should fill out and sign the the Receipt Information section of an airway bill. The person who delivers the food should also sign the document. The donor is responsible for pursuing any claims against the air carrier for losses.

CARE will have flight schedules in advance and must arrange for transport of food from airfields to receiving warehouses. Copies of flight schedules, with amounts and type of food, should be kept on file with CARE Food and

Logistics staff and radioed, faxed or otherwise sent to warehouse managers at the receiving warehouse.

Commodity Financial Accountants in country or regional offices should use the flight schedules in verifying receipt of food at landing sites. This assures that food sent by air is accounted for in cases where there may be direct distributions to beneficiaries.

If food is distributed directly to beneficiaries at the airfield, follow the procedures set forth above on direct distributions to beneficiaries out of warehouses.

Dispatch from Airport

Project managers or other authorized persons at the receiving airfield should prepare waybills which document the dispatch of food from the airfield to the receiving warehouse. The CARE or counterpart manager at the airfield should count with the transporter the amount and condition of food that has arrived, fill in the Dispatch Information Section of the waybill and sign it with the transporter. The amount of food dispatched to the warehouse should equal the amount of food (in good condition and in damaged packages) which came off the plane. The airway bill should be attached to the CARE waybill.

At the warehouse, warehouse managers or storekeepers and the transporter should verify the amount and condition of the food received from the plane, fill out the Receipt Information section of the CARE waybill and sign. All information and guidance in this manual related to routing of waybills, losses and claims, recording receipts in warehouse inventory ledgers, and preparing Commodity Status Reports apply to receiving food by air.

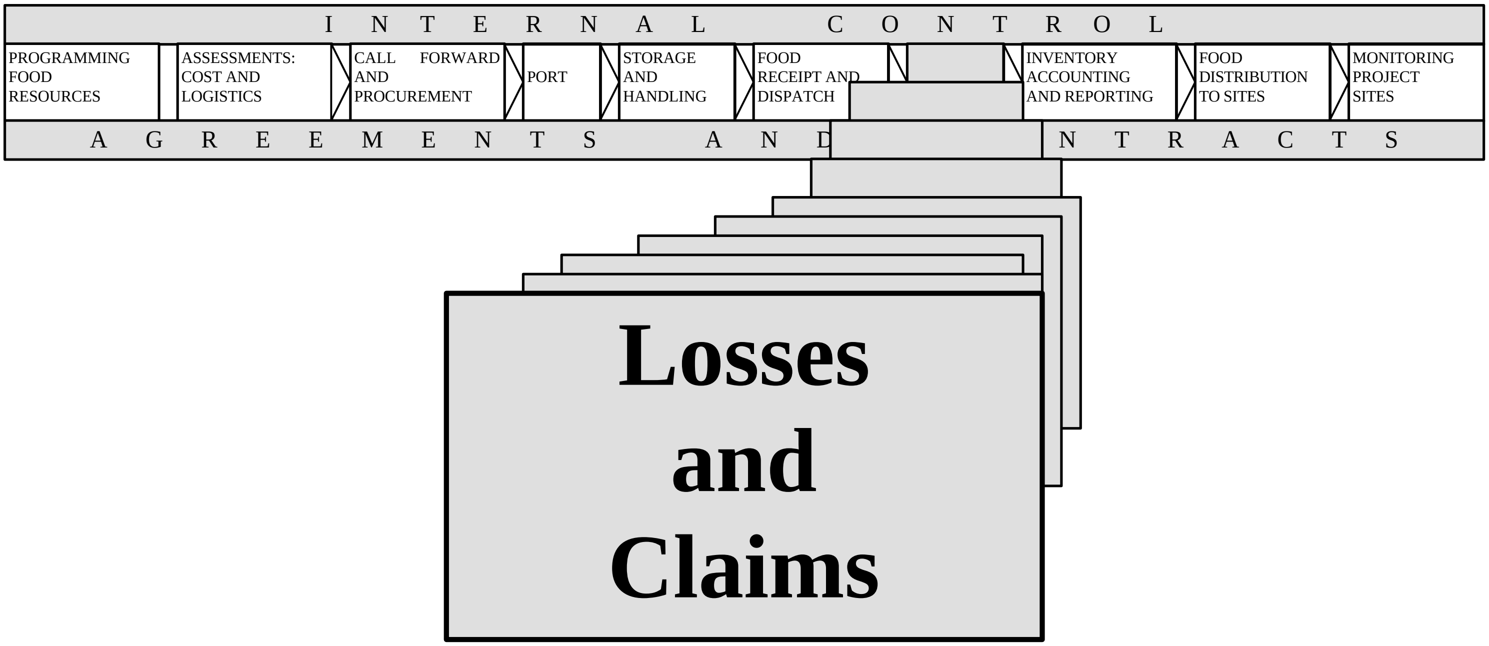
b. CARE Arranges Airlift

When CARE arranges airlifts, warehouse managers or storekeepers must account for the food moved from a dispatching warehouse to the sending airfield, the receiving airfield and the receiving warehouse. In effect, CARE is accounting for food moved from one warehouse to another using two different modes of transport.

Warehouse managers or storekeepers at the dispatching warehouse will complete the Dispatch Information section of the waybill and those at the receiving warehouse will fill in the Receipt Information section of the waybill.

The CARE waybill and the airway bill are used by the transporter moving food from the receiving airfield to the receiving warehouse. To identify losses attributable to the airline and the transporter, the airway bill must be attached to the CARE waybill.

Warehouse managers or storekeepers and commodity financial accountants will have to determine the amount of loss attributable to the airline and the transporter. The original and copies of the waybill should be routed as set forth above. See ***Losses and Claims*** and ***Inventory Accounting and Reporting***.



Losses and Claims

Chapter 9

Click on the title of any section below to view

I. CARE'S LOSS POLICY

Each country office must minimize losses of food resources to the extent possible. Management is responsible for detecting thefts, embezzlement, misappropriations, and other irregularities, and for having competent staff systems of internal control in place to reduce the risk of loss of all food resources. If systems are not in place, food may not reach intended beneficiaries, and CARE may be held liable by donors for the value of the loss, even though someone else is responsible.

CARE must assure that the maximum amount of high quality food reaches the beneficiaries; establish generally accepted practices for managing food inventories; maintain the highest degree of accountability to donors and avoid compromising its reputation.

Reference **Attachment**, ALMIS #4351, October 10, 1984 - **Policy on Losses and Fraudulent Acts**.

Systems should be designed to reveal or protect against the following types of activities.

- Any dishonest or fraudulent act which compromises the security of warehouses where food is stored
- Thefts of food from warehouses, in-transit between ports, warehouses and/or distribution sites, or at distribution sites
- Establishment of fraudulent lists of beneficiaries, or inclusion of unauthorized individuals on beneficiary lists
- Forgery or alteration of any document or account belonging to CARE or its counterpart relating to the management of food, and any required reporting including but not limited to agreements and contracts, distribution plans, stack cards, waybills, Loss and Adjustment Reports, warehouse and commodity financial ledgers, commodity status reports and end-use monitoring reports
- Forgery or alteration of a check, bank draft, or any other financial document relating to the sale or other disposition of unfit food, empty containers or the collection of contributions from beneficiaries
- Misappropriation of funds, food, securities, supplies, spare parts, project materials and equipment, or other assets related to the implementation of projects using food resources
- Impropriety in the handling and reporting of money, financial transactions, or bidding procedures

- Accepting or seeking anything of material value from vendors or persons providing services/materials to CARE
- Destruction or misappropriation of records, furniture, fixtures, or equipment
- Failure of CARE or counterpart staff to follow established rules and procedures for managing food assets.

Reporting to the CARE USA Director of Internal Audit

In addition to and notwithstanding any donor reporting requirements, all losses of food shall be reported, in writing, by the country director or his/her designee, as soon as detected, to CARE USA Headquarters, Director of Internal Audit. The Director will coordinate all required investigations into all losses, with Headquarters and country office staff. To satisfy this CARE reporting requirement, country offices should submit a copy of every Loss and Adjustment Report and other documents as required to the Director of Internal Audit.

II. LIABILITY OF CARE FOR LOSSES

A loss of food may occur due to any act or omission by CARE unless such loss was beyond CARE's control. To determine whether CARE exercised its responsibilities properly, country offices must examine the capacity of counterparts to carry out program activities, the operating environment of the country (infrastructure, security), and usual commercial practices of contractors for services.

While there may be many constraints to carrying out programs using food resources, country offices must assume responsibility for:

- Establishing proper warehouse inventory and commodity accounting systems including procedures that account for losses, pursue claims, and require taking physical inventories
- Establishing proper storage and handling procedures
- Establishing procedures to minimize losses and to detect them on a timely basis
- Routinely inspecting food and storage facilities and remedying deficiencies
- Entering into contracts for services with reputable individuals and/or companies
- Including provisions in agreements and contracts with counterparts or contractors for services that define responsibilities and payment of penalties
- Providing training for all staff managing or monitoring food resources
- Properly transporting food
- Establishing procedures to register beneficiaries eligible to receive food and assure distributions to beneficiaries

- Having in place adequate systems to monitor the activities of CARE and counterpart staff who receive, store and dispatch food from their warehouses and distribute food to beneficiaries
- Notifying donors of losses and taking action, on a timely basis, to pursue claims against responsible parties
- Notifying local police and other appropriate authorities about suspected or known thefts of food and requesting their assistance to prosecute responsible parties
- Closing out audit recommendations (internal and external) on a timely basis.

III. CATEGORIES OF LOSSES

Two broad categories of losses can take place from the time the food leaves the donor country to the time it is distributed to the intended recipient - marine losses and internal losses. The main distinctions between the two are the parties liable for the loss and the method of collecting claims.

A. Marine Losses

After food has been loaded onto a ship in a donor country, a Bill of Lading or Through Bill of Lading is signed by the ship's Master or other duly authorized person on behalf of the shipping company. The Bill of Lading is the receipt for the goods shipped and certifies the quantity and condition of the goods when loaded onto the ship. **Marine losses** are those losses that occur from the time the Bill of Lading is issued to the shipping company up to the time the shipping company turns over custody and control of the food to CARE, its designated agent (e.g., clearing and forwarding agent) or its counterparts, at the port or a designated warehouse on a Through Bill of Lading.

The amount of loss is the difference between 1) the stated quantity on the Bill of Lading, and 2) the quantity and condition of the food at the time the shipping company discharges the food and turns over custody and control to CARE.

B. Internal Losses

Internal losses are those that occur after CARE takes custody and control of the food from the shipping company, usually at a port, until the time of distribution to beneficiaries. For example, internal losses may occur while food is under the control of:

- A port authority (movement from the dock to port warehouse, or a in port warehouse)
- A CARE, contracted, or counterpart transporter
- A CARE, contracted, or counterpart warehouse
- CARE or counterpart staff responsible for distributing food to beneficiaries.

IV. MINIMIZING LOSSES

A. Marine Losses

Although marine losses occur before the food is in CARE's control, CARE can take the following steps to minimize marine losses:

Planning:

- Receive food whenever possible in containers. The use of containers minimizes handling-related losses by circumventing the use of port labor, and reducing the amount of times the cargo is handled. Containers also provide better protection from moisture and moisture-related damage.
- If food is received breakbulk, minimize handling losses through discharge of the food from the ship's hold directly onto trucks or other vehicles at dockside for onward transport. This minimizes port handling and storage.

Pre-Shipment:

- Minimize delays in obtaining official documentation, such as the Bill of Lading and other exemption certificates required for port clearances.

Bagging Bulk Cargo at Port:

- If labor is done by piece-rate, ensure that there are mechanisms in place to control the quality of the work performed, such as penalties for unacceptable work practices. For example, workers are often paid by the piece, which means they fill, stitch and move bags as quickly as possible with minimal care. This results in poorly stitched bags that leak and the use of stevedores' hooks.
- Take necessary steps to detect and correct shortweight and faulty packaging. Variation in bag weight, combined with poor bag stitching can result in large-scale theft, in particular at later stages of the delivery chain.

- Ensure that adequate materials, space and labor are available for prompt segregation and reconstitution of damaged food so that as much good food can be saved as possible.

Claims:
- Take necessary steps to submit claims promptly, with complete documentation to donors.

B. Internal Losses

Internal losses can be minimized through the following activities:

Internal Controls:
- Segregation of duties and responsibilities of managers and staff receiving, storing and dispatching food to reduce the risk of collusion.

Warehouse Storage:
- Regular inspection of food and storage facilities
- Proper warehouse and warehouse inventory accounting procedures
- Carrying out physical inventories on a regular basis

Transportation:
- Have clear agreements and contracts.
- Use reliable transporters.

Claims:
- Processes and remedies for any deficiencies discovered
- Sanction policies which hold liable those who have possession of food when a loss occurs.

V. TYPES OF LOSSES

When food leaves the custody of one party and is received by another, there may be four results:

- Food arrives in the same amount and same condition that it left the sending party.
- Less food arrives than documented.
- More food arrives than documented.
- Food arrives damaged, including infested, wet or contaminated.

This chapter discusses the last three results. See ***Port*** and ***Storage and Handling*** for more information on damages and types of losses, evidence of damage, methods of control, and actions that can be taken to prevent or minimize their occurrence.

VI. DOCUMENTING LOSSES

A. Marine Losses - Discharge (Ex-tackle) Survey

At the time the shipping company transfers custody and control of food to CARE, its agent or counterpart, most donors require that an **independent surveyor** be contracted to determine the amount and condition of food received against the Bill of Lading. See ***Agreements and Contracts*** for areas to be covered when entering into contracts with independent surveyors, and ***Port*** for detailed information on carrying out Discharge Surveys.

Internal Control

Even if not specifically required by a donor, a country office must contract the services of an independent agent for a discharge survey. The discharge survey is the most important document used to fix responsibility for marine losses on the shipping company.

1. Costs of Surveys

CARE or its counterpart must determine if fees are equitable for the services prior to contracting a surveyor. Most donors require and pay for the discharge survey.

For Euronaid food, Euronaid will arrange for a surveyor for both vessel discharge and at the final destination.

For U.S. Government food, CARE is required to engage the service of an independent surveyor for the ex-tackle survey, unless:

- USAID or the diplomatic post determines, and communicates in writing, that such surveys are not feasible in the specific port area.
- Commodity Credit Corporation (CCC) has made other provisions for such examinations and reports.

The country office should contact the local USAID mission or agricultural attaché to determine if surveys are necessary. Discharge surveys are almost always required as they are needed to pursue claims for losses against the ocean carrier.

2. Reimbursement of Fees

If not paid in advance by the donor, discharge survey fees are reimbursable through the CI Headquarters office procuring the food. The country office must submit:

- Claims statement or advice that no claim will be filed, and the monetary amount of the loss
- Original or signed duplicate copy of the survey report and invoices or certified statements showing the amount already paid by CARE. See **Attachments** for an example of an invoice.

The costs of the surveys should be written directly into the project proposals, agreements and budgets if the donor does not have a reimbursement policy.

3. Other Documentation

Donors may require other documentation to support marine claims against shipping companies. See ***Port*** for a discussion of other reports that may have to be filed along with independent discharge survey report.

B. Internal Losses - Delivery Surveys

For food that is dispatched from port warehouses to a designated inland warehouse, donors and country offices often arrange for the independent surveyor to carry out a Delivery Survey at the time the food arrives inland. The survey is important in fixing responsibilities for losses of food while in the custody of a port authority and during transport. See ***Port*** for further information. Donors may reimburse for the costs of delivery surveys in addition to the discharge survey. Costs should be written into project proposal budgets, and included in agreements with the donor.

C. Loss and Adjustment Reports

In addition to Discharge and Delivery Survery Reports filed by independent surveyors, CARE or counterpart port officers, clearing and forwarding agents, and warehouse managers or storekeepers are all required to prepare Loss and Adjustment Reports for receipt of more or less food than stated on Bills of Lading and waybills. See ***Food Receipt and Dispatch, Inventory Accounting and Reporting*** and ***Almis #4496 - Commodity Accounting Manual.***

Internal Control

The Loss and Adjustment Report is the supporting document to authorize the increase or decrease of balances in CARE food inventory ledgers (commodity and warehouse), and the dispatch of unfit food.

1. Guidelines for Preparing Reports

Loss and Adjustment Reports are for:

- Marine losses - with discharge survery as supporting document
- Marine excess landed - with discharge survey as supporting document.

Internal Losses

- At port warehouses and during dispatch to inland warehouses with the delivery survey and waybills as the supporting documents
- Transport losses - with waybill as supporting document
- Warehouse - with physical inventory reports and documents for dispatching unfit food
- Unfit food - with Declaration of Unfit Food as supporting document
- Internal excess deliveries to warehouses - with waybill as supporting document.

The following provides guidance on how to prepare Loss and Adjustment Reports by way of example. The examples are taken from Chapter 8 – ***Food Receipt and Dispatch*** and Chapter 10 - ***Inventory Accounting and Reporting***. The Reports have been coded to allow country offices to more easily set up data bases that can be used to prepare Monthly Loss Reports (see section D below).

Example 1 - Loss and Adjustment Report 14

Discharge from ship

- 27 October, 1994 -- A ship with Bill of Lading #576 carrying 6,000 bags of U.S.D.A. wheat arrives at port. Shipment #3054 is assigned to the shipment by the CARE country office.
- A total of 5,900 bags are discharged from the ship, including 30 torn and leaking bags and five bags which are stained and appear unfit for human consumption.
- The 30 torn and leaking bags are repackaged into 25 bags of food.
-
- 28 October -- Four of the five stained bags are declared unfit for human consumption by an official of the Health Ministry. One bag is declared fit for human consumption.
- Loss and Adjustment Report #14 is prepared for the repackaged and unfit food and submitted to a designated manager for approval.
- 29 October -- the sub-office administrator authorizes Loss and Adjustment Report #14, documenting marine losses of 109 bags (100 short, five lost after repackaging and four unfit), and the disposal of four (4) bags of unfit food by donation.

Example 2 - Loss and Adjustment Report 100

- 29 October -- 1,000 bags are dispatched from port warehouse to warehouse #1 via Waybill # 850.
- 29 October -- The truck carrying Waybill #850 from the port warehouse arrives at warehouse #1. A total of 975 bags of food are unloaded, of which five bags are torn and leaking, and two are stained and appear to be unfit for human consumption.
- The five torn and leaking bags are repackaged into 4 ½ bags. A public health official declares the two stained bags to be unfit for human consumption. The repackaged and unfit bags as well as the bags that were not delivered (short) are documented on Loss and Adjustment Report #100.
- 30 October -- The suboffice administrator authorizes Loss and Adjustment Report #100 documenting the internal transit losses of 27 bags and 25 kilos.

Example 3 - Loss and Adjustment Report 101

- 31 October -- 1,000 bags are dispatched to warehouse #1 via Waybill #853.
- 31 October -- The truck carrying Waybill #853 arrives at Warehouse #1 and unloads 1,010 bags, of which five are torn and leaking, three are moldy, and ten are underweight by five kilos each.
- 31 October -- The five torn and leaking bags are repackaged into four, and the ten underweight bags are repackaged into nine. A public health official declares that three other moldy bags contain food which is unfit for human consumption. The repackaged and unfit bags as well as the ten excess bags are documented on Loss and Adjustment Report #101.
- 31 October -- The suboffice administrator authorizes the Loss and Adjustment Report documenting the transit loss of five bags and the excess receipt of ten bags.

CARE LOSS & ADJUSTMENT REPORT

14

Prepare separate Loss & Adjustment Reports for each type of commodity and each shipment.

Storage Location: ______PORT________________
Shipment #: _____3054______________________
Date Loss Discovered: ___27/10 _________ ______
Truck/Trailer #: ____NAME OF SHIP____________
Donor: ____CIDA__________________________
Contract ID #: ____Donor #____ _______________

Date: _________28/10___ _________
B/L / Waybill #: _576_________________
Commodity Type: ___WHEAT___ _______
Unit (bag/carton/drum): _BAG________
Unit Weight: ____50 KG__ ___________
Preparer (name): _Port Officer_____
Preparer (signature): ________________

	Units	Kgs	Total kgs
1. Excess receipts			
LOSSES			
2. Qty Short (Missing -- In delivery and/or Whse.)	100		5000
3. Qty damaged packages (slack/torn/wet/stained)	30		1500
4. Qty repackaged	25		1250
5. Qty lost (3-4)	5		750
6. Qty declared unfit for human consumption	4		200
7. Total loss (2 + 5 + 6)	109	0	5950

Person and/or organization possessing commodities at time of loss or misuse: NAME OF SHIPPING CO.

Location of loss or misuse:
x Marine
Internal ==> Port Transit Warehouse: CARE Counterpart Contract

Description of packages received: Underweight **x** Slack/Torn Wet **x** Stained Infested Other

Details of circumstances under which loss or misuse took place: SHORT LANDING UPON DISCHARGE AND DAMAGE TO BAGS AND STAINING -- CIRCUMSTANCES UNKNOWN -- REF. DISCHARGE SURVEY

Action taken to recover: __DAMAGED BAGS REPACKAGED, UNFIT FOOD CERTIFIED______

Claim information: CLAIM AGAINST SHIPPING COMPANY____________________________

This is to certify that the above commodity is unfit for human consumption. (Attach official report)

Authorized by (name)	Signature	Title	Date
		HEALTH OFFICIAL	28/10

This authorizes the removal of __109____ units / _5450_____ kgs of __WHEAT_____________ from inventory and the disposal of _4__ units/ 200 kgs of unfit food by donation/destruction/burial.

Authorized by (name)	Signature	Title	Date
		SUBOFFICE ADMINISTRATOR	29/10

Original	**Copy 1**	**Copy 2**	**Copy 3**	**Copy 4**
Commodity Accountant Finance Section	Commodity Logistics Section	CARE USA Internal Audit	Preparer	Preparer

CARE LOSS & ADJUSTMENT REPORT

100

Prepare separate Loss & Adjustment Reports for each type of commodity and each shipment.

Storage Location: __WAREHOUSE #1___________
Shipment #: ___3054_________________________
Date Loss Discovered: __29/10________________
Truck/Trailer #: ___fill in____________________
Donor: _________CIDA______________________
Contract ID #: ____Donor #_________________

Date: _____29/10_________________
B/L / Waybill #: _850______________
Commodity Type: _____WHEAT______
Unit (bag/carton/drum): __BAG_______
Unit Weight: _____50_KG__________
Preparer (name): _Storekeeper________
Preparer (signature): ________________

	Units	Kgs	Total kgs
1. Excess receipts			
LOSSES			
2. Qty Short (Missing -- In delivery and/or Whse.)	25		1250
3. Qty damaged packages (slack/torn/wet/stained)	5		250
4. Qty repackaged	4	25	225
5. Qty lost (3-4)		25	25
6. Qty declared unfit for human consumption	2		100
7. Total loss (2 + 5 + 6)	27	25	1375

Person and/or organization possessing commodities at time of loss or misuse: TRANSPORTER

Location of loss or misuse:
Marine
x Internal ==> Port x Transit Warehouse: CARE Counterpart Contract

Description of packages received: Underweight x Slack/Torn Wet x Stained Infested Other

Details of circumstances under which loss or misuse took place: _25 BAGS NOT DELIVERED, 5 BAGS DELIVERED, TORN AND LEAKING BAGS DUE TO POOR HANDLING AND TWO BAGS STAINED AND APPEARED UNFIT STAINED BAGS HAD MOTOR OIL SPILLED ON THEM

Action taken to recover:_REPACKAGING -- CERTIFICATION OF 2 BAGS UNFIT_______

Claim information: _CLAIM TO BE FILED -- DEDUCT VALUE FROM INVOICE_____

This is to certify that the above commodity is unfit for human consumption. (Attach official report)

Authorized by (name)	Signature	Title	Date
		HEALTH OFFICIAL	29/10

This authorizes the removal of __27_______ units / __1375________ kgs of __WHEAT__________________ from inventory and the disposal of 2 units/ 100 kgs of unfit food by donation/destruction/burial.

Authorized by (name)	Signature	Title	Date
		SUBOFFICE ADMINISTRATOR	30/10

Original	**Copy 1**	**Copy 2**	**Copy 3**	**Copy 4**
Commodity Accountant Finance Section	Commodity Logistics Section	CARE USA Internal Audit	Preparer	Preparer

CARE LOSS & ADJUSTMENT REPORT

101

Prepare separate Loss & Adjustment Reports for each type of commodity and each shipment.

Storage Location: ___WAREHOUSE #1_________
Shipment #: _____3054_______________________
Date Loss Discovered: ____31/10______________
Truck/Trailer #: __FILL IN____________________
Donor: _____CIDA___________________________
Contract ID #: ___Donor #___________________

Date: ______31/10_________________
B/L / Waybill #: __853______________
Commodity Type: ___WHEAT__________
Unit (bag/carton/drum): __BAG________
Unit Weight: __50KG________________
Preparer (name): __Storekeeper________
Preparer (signature): ________________

	Units	Kgs	Total kgs
1. Excess receipts	10		500
LOSSES			
2. Qty Short (Missing -- In delivery and/or Whse.)			
3. Qty damaged packages (slack/torn/wet/stained)	15		750
4. Qty repackaged	13		650
5. Qty lost (3-4)	2		100
6. Qty declared unfit for human consumption	3		150
7. Total loss (2 + 5 + 6)	5	0	250

Person and/or organization possessing commodities at time of loss or misuse: TRANSPORTER__

Location of loss or misuse:
Marine
x Internal ==> Port x Transit Warehouse: CARE Counterpart Contract

Description of packages received: x Underweight xSlack/Torn Wet x Stained Infested x Other

Details of circumstances under which loss or misuse took place: _10 EXCESS BAGS DELIVERED BY TRANSPORTER; 5 BAGS TORN AND LEAKING; 10 BAGS UNDERWEIGHT; 3 BAGS MOLDY/STAINED

Action taken to recover: __REPACKAGE 13 BAGS_____________________

Claim information: ____FILE CLAIM AGAINST TRANSPORTER_________________

This is to certify that the above commodity is unfit for human consumption. (Attach official report)

Authorized by (name)	Signature	Title	Date
		HEALTH OFFICIAL	31/10

This authorizes the increase/removal of ___10____ units / __500_____ kgs of ___WHEAT___________ from inventory and the disposal of 3 units / 150 kgs of unfit food by donation/destruction/burial.

Authorized by (name)	Signature	Title	Date
		SUBOFFICE ADMINISTRATOR	31/10

Original Commodity Accountant Finance Section	**Copy 1** Commodity Logistics Section	**Copy 2** CARE USA Internal Audit	**Copy 3** Preparer	**Copy 4** Preparer

2. Printing and Distribution

Loss and Adjustment Reports must be pre-printed and pre-numbered. Distribution of blank reports should be controlled by the same procedures used to distribute blank checks or blank waybills. For waybills, See ***Food Receipt and Dispatch***.

3. Preparation

Staff who are responsible for warehouses or other areas where food is prepared prepare Loss and Adjustment Reports. For example, a warehouse storekeeper prepares the report for losses occurring in a warehouse during receipt and dispatch of food and for any losses discovered during repackaging or when reconciling physical inventories with warehouse inventory ledgers. A commodity accountant in the finance section prepares the report when there are differences between what was dispatched from a warehouse and what was received at a distribution center.

Example

200 cartons of oil were dispatched to a distribution site by a regional warehouse, but only 175 cartons were delivered. The loss was discovered when the transport company submited the waybill with its invoice for payment. The Receipt Information section of the waybill showed that only 175 cartons were delivered to the site. The commodity accountant then prepared the Loss and Adjustment Report and recorded the transaction in the commodity inventory ledgers.

4. Authorization

Every Loss and Adjustment Report must be authorized. Other than waybills, this is the only support document used to increase or decrease food balances in commodity and warehouse inventory ledgers. Given the importance of this transaction, persons who prepare the reports should not be the same persons who authorize changes in inventory. To satisfy the principles of internal control, there must be a segregation of responsibilities.

Internal Control

Loss and Adjustment Reports should be authorized by someone outside the logistics section of a country or counterpart office. For example, a project manager or office administrator could authorize reports. This segregation of responsibilities is necessary because the person responsible for managing food inventories has an obligation to report increases or losses to management. Approving the report shows that management is aware of the losses and adjustments and approves changes in inventory balances.

5. Routing

An original and four copies of the Loss and Adjustment Report are prepared and submitted to the person authorized to approve it. Once approved, the person authorizing the report is responsible for assuring that all copies are routed to the appropriate persons or departments for further action. The table below summarizes routing and shows how the copies are used.

Routing of Loss and Adjustment Reports

Copy	Routed to	Used for
Original	Commodity Accountant in Finance, Country or Regional Office	Adjusting the financial inventory accounting records
Copy 1	Food Logistics section - Country or Regional Office	Preparing CARE and donor commodity and loss reports
Copy 2	CARE USA Internal Audit Department	Monitoring level of food losses worldwide
Copy 3	Person who originally prepared the report, after authorization.	Documenting excess receipts and removing losses in warehouse inventory records.
Copy 4	Remains with person who prepared report	To insure an approved and authorized report is returned. Copy 3 attached to Copy 4.

Because of distance and communication problems, there may be delays in authorizing Loss and Adjustment Reports, returning them to warehouses, and adjusting inventory records. However, the importance of controlling adjustments to inventories outweighs the inconvenience caused by any delays.

D. Monthly Loss Reports

The Monthly Loss Report is a summary of all Loss and Adjustment Reports for the month by donor. If there is more than one region, each region should submit its Monthly Loss Report to the country office's Food and Logistics section or other authorized managers who then will aggregate the regional reports into a country-wide Quarterly Loss Report.

The report provides managers with more detailed information on losses than are reported on Commodity Status and Quarterly Consolidated Reports. See ***Inventory Accounting and Reporting*** for information on the preparation and submission of those two reports.

Preparation of Monthly Loss Reports should coincide with closure of warehouse inventory ledgers and preparation of Commodity Status and Quarterly Consolidated Reports. See ***Inventory Accounting and Reporting*** for details.

The Montlhy Loss Report is adapted from a similar report required by AID'S Bureau of Humanitarian Affairs, Office of Food for Peace for PL 480 Title II programs. The format can be used for all donors, with additional columns inserted for codes required by AID. (See **Attachment** - Codes for Commodity Type, Loss Location and Loss Type.)

Monthly Loss Report

Country Office: ______________ **Date Entered: ____________**
Donor: _____________________ **Sheet _____ of ______**

CARE Ship. #	Loss & Adjust. Rpt.#	Commodity	Donor Contract #	Loss Location Code*	Quantity Lost		Potential Loss but Recovered	
					Kgs	MTs	Kgs	MTs
TOTAL								

Loss Location Codes

1 - Lost in ocean transport (includes transits lost with through bill of lading)
2 - Lost during in-country transport
3 - Losses in port warehouse
4 - Losses in CARE warehouse
5 - Losses in counterpart warehouse
6 - Losses in contracted warehouses

E. Quarterly Loss Reports - Dates for Preparation and Submission

Quarterly Loss Reports should be prepared by CARE country offices no later than forty-five (45) days after the end of each quarter and submitted to CARE USA, other CI members and donors by numbered, transmittal letter. The report should accompany Quarterly Commodity and Recipient Status Reports. In emergencies, reports may be required more frequently, weekly or even daily. See ***Inventory Accounting and Reporting*** for more on reporting and who should receive reports.

The following table provides specific donor reporting requirements, however, country offices should submit quarterly loss reports in addition to the requirements set out in the table. See also ***Inventory Accounting and Reporting*.**

Internal Loss Donor Reporting Timetable

Donor	Date
AIDAB (submit to CARE Australia)	• Semiannual
CIDA - Bilateral (submit to CARE Canada) CIDA - Other (submit to CARE Canada)	• Shipping report - 31 days after shipment has arrived • Interim report - when 50% of food has been distributed • Final report - no later than 60 days following the final distribution
Euronaid (submit to CI member who signed agreement)	Final report on completion. If a project lasts more than 6 months, submit an interim report.
ODA (submit to CARE Britain)	• Every 6 months and within 3 months of project completion • As negotiated in agreement
USAID	Quarterly • 1st Qtr. - 15 April • 2nd Qtr. - 15 July • 3rd Qtr. - 15 October • 4th Qtr. - 15 January
USDA	Semiannual - Annual
WFP	As negotiated by agreement

F. Reporting Criminal Activity

If country offices suspect or discover losses due to criminal activity, they must promptly notify, in writing, their regional managers and the Food Security Unit CARE USA, CI members for non-U.S. donated food, and donors. All parties must be kept regularly informed of all efforts to recover the lost food or an equivalent monetary value. Country offices should also contact local government authorities for assistance.

VII. REPACKAGING

Food that arrives in damaged bags, cartons or containers, or appears infested by insects or other matter should be repackaged. Repackaging insures that food is stored and dispatched in good condition and in standardized weights. In this manual the terms repackaging and reconstitution are used interchangeably.

A. Definition

Repackaging involves taking food from damaged packages (bags, cartons or containers) and filling new ones to the standard weight specified on the Bill of Lading. Any food (grains, processed cereals or liquid) spilled on the floor or on the ground during reconstitution which may be unfit for human consumption must be disposed of as described below.

Losses after repackaging are calculated by subtracting the weight of the reconstituted bags, cartons or containers from the original weight of all the packages if no damages had occurred. After repackaging, warehouse managers, storekeepers or others must prepare Loss and Adjustment Reports.

B. Procedures

Repackaging needs to take place as soon as possible after the damage has been discovered. Otherwise, the quality of the food could be affected and further losses could result. Also, delays in repackaging food could make it more difficult to pursue damage claims against responsible parties.

- Ensure that adequate space is available for prompt segregation of damaged and/or infested packages of food. Maintain a supply of empty bags, cartons or containers either purchased locally or obtained from the donor at the time the food is shipped. Materials for stitching or taping and adequate labor must also be available.
- New bags, cartons or containers should have the same donor markings as the original, including the name of the donor and the information that the food was provided as a donation and is not to be sold or exchanged. If marking the new bags or containers will be costly, request the donor to waive this requirement.
- Repackage bagged food by stitching or taping torn bags, placing the damaged bag inside a new bag, or rebagging the food entirely.
- Supervise laborers to insure that work is done well, with penalties for unacceptable work practices and incentives for high quality work. If laborers are paid by the piece, they may fill, stitch and move bags quickly, with minimal care.
- Food infested with insects or other matter can be passed through a sieve to separate the dust and partially consumed grain from the good food. The food is then rebagged. In cases where large amounts of food are infested with insects or other matter, food may be sent to processors, millers or others who have equipment to efficiently separate out the matter. In these cases, warehouse managers, storekeepers or others must assure that all damaged bags, cartons or containers are fully accounted for before they are dispatched to the processor. A full inventory must be taken upon the return of the reconstituted food. Supporting waybills must be kept on file.
- Repackage oil by emptying the contents of damaged tins into clean containers (often plastic gerry cans).

- Weigh all repackaged food to insure that the new bags, cartons or containers have been filled to the standard weight of the original package. The standard weight is based on the original Bill of Lading.
- Closely monitor repackaging activities to detect and correct shortweight and faulty packaging, and be be vigilant against possible thefts of food during the process.

Internal Control

Maintain a full and complete inventory of all damaged bags, cartons or containers. Losses can only be determined if all original packages are accounted for. Food that is reconstituted, as noted above, will be weighed against the total weight of the food contained in the original bags, cartons or containers. Any differences will be the loss. Storage and inventory recordkeeping requirements for these damaged packages must be the same as those for undamaged food.

Example

A warehouse received 200 fifty kilogram bags of corn from another warehouse. Fifty bags were damaged during transport and could not be thrown away or otherwise disposed of before the repackaging of the food was complete. They were kept to assure that losses were accurately determined during reconstitution. Once the repackaging was complete, losses were calculated and documented. The warehouse manager then disposed of the bags in accordance with established policies.

C. Minimizing the Need to Repackage

All steps must be taken to insure there is no act, omission or failure to provide proper storage, care and handling of food. Failure to do so may result in donors not reimbursing for costs of repackaging. If there is a likelihood of damage or infestation which is beyond the control of CARE or its counterparts, donors should be notified.

The following are some examples of proper and improper steps taken to reduce the need to repackage food:

Example 1 - Marine

An ocean carrier discharged 300 bags of CSB in damaged condition on November 18, 1994. At discharge, the surveyor estimated that the damaged bags were missing 1/6 of their contents. The CSB was not contaminated with foreign substances and was not suspected to be unfit for human consumption. The CSB was repackaged into 230 bags on November 20, 1994.

Damages in this situation were <u>properly</u> minimized. The loss of 70 bags of food is is well documented and collection of the claim should not be a problem.

Example 2 - Marine

An ocean carrier discharged 300 bags of CSB in damaged condition on November 18, 1994. At discharge, the surveyor estimated that the damaged bags were missing 1/6 of their contents. The CSB was not contaminated with foreign substances and was not suspected to be unfit for human consumption. The CSB was repackaged into 200 bags on December 20.

Damages in this situation were not properly minimized as 33 days elapsed between the time the shipping company's liability ended and the time the food was repackaged. The loss of 100 bags will be claimed and pursued against the ocean carrier. However, such a claim will likely be compromised as much of the loss is likely to have taken place while the food was in the possession of the port authority.

Example 3 - Internal

A transporter delivered 150 bags of CSB in damaged condition on November 16, 1994 to warehouse A. Upon arrival, the storekeeper and driver agreed that the bags were missing about 1/6 of their contents. The damaged bags could only be repackaged after the driver left. Notice of the damage was written in the Remarks section of the waybill. At the time of the delivery none of the damaged bags appeared to contain unfit food. Around December 22, the storekeeper called in a health official because he suspected that some of the CSB was unfit. The health official found 50 bags unfit, and the remaining 100 bags were repackaged into 75 bags on December 28.

Claims against the transporter for the 25 bag loss can not likely be pursued, however, as too much time was taken to repackage the food and determine its fitness, it is not likely the transporter is liable for the 50 bags of unfit food.

D. Repackaging Costs

Repackaging expenses incurred because of damages to bags or infestation caused during ocean transport must be paid for by the shipping company. In some countries, the shipping companies make all arrangements and pay for all reconstitution expenses related to marine damages at the time of the reconstitution. In others, the donor makes arrangements for reconstitution through a contracted agent. In still other countries, CARE arranges for the reconstitution and costs are included as a separate item with claims filed against the shipping company.

Repackaging expenses not related to marine losses should be written into budgets of project proposals and agreements.

Labor and materials must be made available before the arrival of the shipment to ensure that constitution is done promptly and losses are minimized. Repackaging costs include the following:

- Labor to fill, stitch and stack repackaged bags cartons or containers. Country offices may pay per unit or per day.
- Materials purchased for repackaging such as bags, cartons or containers, and stitching material (thread and needles).

If CARE seeks reimbursement from donors for the costs of repackaging, CARE must follow the donor's guidance:

Euronaid

Euronaid will reimburse for all repackaging expenses up to CARE's main warehouse. These expenses should be specified on the Statement of Inland Transport Form (ITSH) together with the original or certified invoices to Euronaid.

U. S. Government

Country offices must clearly distinguish between repackaging costs incurred because of damage related to marine losses and costs incurred after custody and control of the food has been transferred by the shipping company to CARE, its agents or counterparts. Invoices and other documents supporting repackaging costs should be forwarded to the Procurement Office at CARE USA Headquarters. In accordance with AID Regulation 11, the Procurement Office will submit requests for reimbursement of costs to the CCC in the U.S. Department of Agriculture.

Other Donors

For donors who do not specifically provide for the reimbursement of repackaging costs, costs should be estimated based on past experience and included in the project proposal budget for approval by the donor. The donor should be contacted if the costs appear to exceed the amount budgeted.

E. Approval for Repackaging

Each country office must establish a policy specifying who can approve the repackaging of damaged or infested food. For reconstitution of small amounts, it may be the warehouse manager or storekeeper. However, when costs exceed US$200, the country office may require the project manager or someone higher to approve repackaging. If there is any question regarding the allowability of reconstitution costs, contact the local donor representative directly and obtain approval in writing.

Euronaid

No prior approval required for repackaging costs.

US Government

The U.S. Government provides for the reimbursement of costs if reconstitution is not due to any act, omission or failure on the part of CARE to provide proper storage, care and handling.

If repackaging costs are US$ 500 or less, no prior approval is required. Invoices and other documents to support repackaging costs should be forwarded to CARE USA Headquarters with other marine claims documentation.

If costs are US$ 500 or more, prior approval must be obtained from the U.S. Agricultural Counselor or Attaché (for Section 416 food) or from USAID or the Diplomatic Post (for PL-480 Title II & III food). To avoid delays in repackaging infested food that may damage other food, CARE may request a waiver from USAID or USDA of the prior approval requirement. The written waiver authorization must be forwarded with the reimbursement request.

1. Packages Damaged in Transit

For damage that occurs while the food is in transit, the US$500 limitation applies to all food that is shipped on the same voyage of the same vessel to the same port of destination, irrespective of the types of food shipped or the number of bills of lading issued.

2. Packages Damaged in Warehouses

For damage that occurs while the food is in storage, the US$500 limitation applies to each damage situation., e.g., if 700 bags of wheat are damaged in a warehouse due to an earthquake, the US$500 limit applies to the total cost of repackaging the 700 bags, regardless of whether the food was from different shipments.

3. Submission to CARE USA Headquarters

For U.S. Government food, a Certificate of Marine Reconstitution Costs (See **Attachment**) should be prepared for costs incurred due to reconstitution of marine damages. The certificate should be submitted to the Procurement Office with the survey reports and other marine claims documentation. See Filing Claims for Marine Losses). The Procurement

Office will include the costs of reconstitution in its claim against the shipping company.

The certificate should contain the following information:

- Date of reconstitution
- Shipment number
- Donor
- Description of food (wheat, peas, oil)
- Packaging unit (bags, cartons, pails)
- Number of units reconstituted
- Nature of damage causing reconstitution
- Costs paid (labor, materials)
- Payment reference number

Other Donors

Country offices should contact individual donor representatives to see if approval is required for reconstitution.

VIII. FOOD UNFIT FOR HUMAN CONSUMPTION

A. Documenting Unfit Food

If food is declared unfit for human consumption, it is considered a loss which is recorded in CARE's warehouse and commodity inventory records and reported to donors in the same way as other losses. For marine losses, the amount of unfit food must be reported in the independent discharge survey report and Loss and Adjustment Reports. For internal losses, the amounts must be reported on the Loss and Adjustment Report. and, as appropriate, the Independent Delivery Survey Report.

Warehouse managers, storekeepers or others who suspect food may be unfit must promptly notify a government official and request a review and analysis of food.

B. Lab or Other Analysis

For both internal and marine losses, normally only a public health official or an authorized laboratory can declare food to be unfit for human consumption. If no health official is available, an independent chemist or private laboratory may be employed by either CARE or a surveyor to analyze the suspect food.

Samples for marine losses must be:

- Representative of the total suspect cargo
- Drawn jointly by CARE (or the surveyor) and the shipping company agent
- Identified as to which samples came from which cargo
- Sealed to protect the integrity of the sample
- Forwarded to the laboratory or chemist.

Samples for internal losses must be:

- Representative of the total
- Segregated from any food that is in good condition
- Identified as to which samples came from which shipments
- Sealed to protect the integrity of the sample
- Made available to the health inspector or other person for analysis.

C. Timeliness of Documentation Regarding Fitness

If the surveyor notes food was damaged onboard the vessel and the food is later declared to be unfit for human consumption, a cause-effect relationship must be established between damage and declaration of unfitness. The key to establishing this relationship is timing.

- If cargo is damaged on November 20 and the same cargo is declared unfit for human consumption on November 25, the cause-effect relationship is strong and claims can normally be collected for such losses against the shipping company with minimal difficulty.
- If the same cargo is declared unfit on December 15, the cause-effect relationship is less strong as the losses arguably may have occurred while the food was in CARE or its counterpart's custody; the possibility of claims collection consequently decreases considerably.
- If the damaged cargo is not declared unfit until January 15 and is in CARE's or its counterpart's custody, the cause-effect relationship is likely to be gone and there is little hope of claims collection.

In the latter two cases, CARE has <u>not</u> promptly or properly minimized damages and must submit a narrative statement explaining why damaged food was not properly analyzed and/or repackaged on a timely basis.

D. Certification of Commodities Unfit for Human Consumption

Once the food has been inspected and declared unfit, a **Certification of Commodities Unfit for Human Consumption** (see **Attachment**) must be completed by the Health Authority or the private laboratory. The form must be signed, including the title of the signer.

The written statement or certification should include but need not be limited to the following information:

- Name of the vessel, warehouse, or distribution site
- Date of discharge from the vessel, arrival in warehouse, or first suspected to be unfit in warehouse
- Date of examination of suspect food
- Place of examination
- Amount (bags, cartons, weight) of food examined
- Amount of food fit for human consumption
- Amount of food unfit for human consumption
- Reason(s) why the food is unfit for human consumption
- Advice as to whether food is fit for animal consumption
- Advice as to whether food should be destroyed.

E. Donor Notification Requirements

1. Marine Losses

For marine losses the certification along with other marine loss documentation should be submitted to the Procurement Office CARE USA for U.S. Governement donated food and to CARE Britain or Euronaid, or other donors for non-U.S. Government food.

2. Internal Losses

For internal losses, the certification must be kept on file. Notice and requests for approval to dispose or destroy unfit food must be obtained as required by donors.

Summary - Donor Notification Requirements - Unfit Food

U.S. Section 416 Food	U.S. Title II & III Food	Other Donor's Food
Notify Agricultural Counselor or Attaché in writing of proposed method of disposition. If the donor does not respond within 15 days, dispose of the food as notified and inform the donor of the action.	Notify USAID if unfit food valued at more than US$500 will be destroyed. Include the type and amount of food; manner of destruction; local authorities who will witness the destruction; and date when food will be destroyed. If the donor does not respond within 15 days, dispose of the food as notified and inform the donor of the action.	Notify donors on submissions of quarterly loss reports.

3. Delays in Notification

Often food is declared unfit at remote warehouses or distribution sites Unfit food can be sitting in warehouses for long periods of time while inspections take place and Loss and Adjustment Reports are prepared and authorized. Country offices should discuss this issue with donors and request approval to dispose of unfit food as soon as Loss and Adjustment Reports have been authorized by CARE. Donors can be notified of the disposition of unfit food in Commodity Status, Quarterly Consolidated and Quarterly Loss Reports.

F. Disposition of Food Unfit for Human Consumption

Once food is certified unfit for human consumption and donor approval has been obtained, unfit food should be disposed of in the order of priority shown in the following table:

Disposition of Food Unfit for Human Consumption

U.S. Section 416	U.S. Title II & III	Other Donors
Transfer to an approved section 416(b) program for use as livestock feed.	**Sale** for the most appropriate use (animal feed, fertilizer, or industrial use) at the highest obtainable price. When the food is sold, all donor markings shall be obliterated, removed or crossed out.	**Sale** for the most appropriate use (animal feed, fertilizer, or industrial use) at the highest obtainable price. When the food is sold, all donor markings shall be obliterated, removed or crossed out.
Sale for the most appropriate use (animal feed, fertilizer, or industrial use) at the highest obtainable price. When the food is sold, all donor markings shall be obliterated, removed or crossed out.	**Transfer** to an approved Food for Peace program for use as livestock feed. The Office of Food for Peace AID/W should be advised so that shipments from the U.S. to the livestock feeding program can be reduced by an equivalent amount.	**Donation** to a governmental or charitable organization for use as animal feed or for other non-food use.
Donation to a governmental or charitable organization for use as animal feed or for other non-food use.	**Donation** to a governmental or charitable organization for use as animal feed or for other non-food use.	**Destruction** in a manner preventing use for any purpose.
Destruction in a manner preventing use for any purpose.	**Destruction** in a manner preventing use for any purpose.	

1. Sale of Unfit Food

Rules and procedures set forth in CARE USA's ***Procurement Manual for Overseas Operations*** shall be applicable to all sales of unfit food.

a. Solicitation and Receipt of Bids

To minimize the possibility of impropriety and to maximize proceeds of the sale, a public tender should be issued whenever unfit food with a value greater than or equal to US$500 is sold. A tender involves soliciting sealed bids, usually through public advertisement (often through a newspaper or the posting of handbills in public places). If the offer cannot be publicly advertised, a sufficient number of parties known to buy damaged food for animal feed or fertilizer must be contacted to obtain the highest price.

In general, notice of tenders should contain:

- Description and amount of unfit food
- Location and date to submit offers
- Date bids to be opened and whether they will be opened in public or private
- Deposit, if required.

It is advisable to establish a committee of at least three persons to open the bids in the presence of the others. Ideally, members of the committee should come from offices separate from those involved in managing food resources. For example, a committee may consist of a project manager, financial controller and the assistant country director for administration and finance.

b. Precautions

When food is sold as animal feed or fertilizer, country offices must take measures to ensure that the local organizations do not re-sell the food for human consumption. Some suggestions for ensuring that unfit food is not re-sold include:

- Inform the local police of the names of the organizations, dates and amounts of food purchased. Police enforcement, combined with clear instructions regarding punishment for those found selling unfit food for human consumption , may ensure that the food is not re-sold.
- Begin a "public relations" campaign which informs the public of the dangers of humans consuming the food.
- Have staff periodically go to the market to see if unfit food is being sold.

c. Proceeds from Sale of Unfit Food

All requirements set forth in the ***CARE Overseas Financial Manual***, July 1992 must be followed when receiving and disbursing proceeds received from the sale of unfit food. See ***Agreements and Contracts*** regarding counterparts.

Proceeds from the sale of unfit food must also comply with established donor requirements. Most donors allow CARE to retain a percentage of the sales proceeds for administrative and other costs related to the sale. Other donors reimburse for actual expenses incurred. This should be negotiated locally with the donor. In order to ensure that food is not purposely destroyed, most donors will only pay expenses for damages when proper efforts have been made to minimize or prevent damage. Examples of improper exercise of responsibility include storing food in a leaking warehouse without taking steps to stop the leaks, not fumigating as required, or transporting food without a tarpaulin during the rainy season.

Accounting For Proceeds Received From Sale Of Unfit Food

Monetized Food	U.S. Section 416	U.S. Title II & III	Other Donor's
Net proceeds deposited in monetization account and used for approved program purposes.	Net proceeds deposited with Disbursing Officer, U.S. Embassy, with instructions to credit an appropriate CCC account.	Net proceeds deposited with U.S. Disbursing Officer, U.S. Embassy with instructions to credit to CCC A/C 20FT401.	Net proceeds held in a CARE bank account pending instructions from donor.

2. Donation of Unfit Food

There are no specific guidelines by donors on the donation of unfit food to local governments, individuals or organizations, other than food used for animal feed. Country offices need to keep up-to-date information on programs which use unfit food and be satisfied that they are using the unfit food only for animal feed or fertilizer.

Files should be kept of all communications relating to the donation of the unfit food along with copies of waybills which show dispatches to the organizations receiving the unfit food.

3. Destruction of Food Unfit for Human or Animal Consumption

Any food certified as unfit may be destroyed by burning or burying. Local populations may not understand or be aware that the food is unfit for humans and animals. Thus, it could be perceived that CARE is destroying food intended for project participants. If food is buried, there is also a risk that people may later dig it up.

In destroying food, CARE must:

- Make every effort to ensure that the local population understands that the food cannot be consumed by animals or humans
- Make every effort to dispose of the unfit food as discretely as possible.

Once food has been destroyed, a Certificate of Destruction (see Attachment) must be completed. The attached Certificate can be used as one example. The warehouse manager or storekeeper should keep a copy of the Certificate of Destruction on file with the related Loss and Adjustment Report and a copy shoud be sent to the Country or regional office commodity financial accountant and the Food and Logistics section for filing with their copy of the Loss and Adjustment Report.

4. Use of Waybills to Remove Food from CARE Inventories

The waybill and the authorized Loss and Adjustment Report are the support documents for removing the unfit food from warehouse inventories. See ***Food Receipt and Dispatch*** and ***Inventory Accounting and Reporting***. In cases of sale or donation of unfit food, the Receipt Information section of the waybill would be signed by the person purchasing or receiving the unfit food. When food is destroyed, the warehouse manager, storekeeper and independent person/s witnessing the destruction should fill out the Receipt Information section of the waybill.

IX. FILING CLAIMS FOR MARINE LOSSES

A. Australia, Canada and Great Britain

Submit the original and three copies of the survey report to the Headquarters Office of the CI member who procured the food within 45 days of discharge. The CI member should forward the survey report to the donor.

B. European Union through Euronaid

Euronaid insures all goods from the moment they are taken over by Euronaid, up to the moment of delivery of the goods to CARE's main warehouse facility. The purpose of Euronaid insurance is to protect NGOs against financial consequences of shortages, damages or other misfortunes during the transport of goods. CARE will receive an insurance certificate (see **Attachment**) which states the conditions of the insurance. The CARE country office should review the insurance certificate in order to understand the coverage terms. Country offices are expected to cooperate with underwriters when taking custody of the food.

Country offices must:

- Notify the surveyor (appointed by Euronaid) when cargo is ready for inspection at the port named on the original Bill of Lading, or at the designated warehouse on a Through Bill of Lading or at CARE's main inland warehouse.
- Provide adequate documentation to hold the shipping company responsible for the shortages/damages in the survey report. This must be done <u>in writing</u> not later than three days after completion of discharge from the vessel.
- Arrange for a survey of the goods upon delivery at CARE's main warehouse.
- Sign a Letter of Subrogation to the Insurance Underwriters.

- Submit two copies of a Landing Report (see **Attachment**) as soon as the food is delivered. The report certifies that the survey has been completed and a certain quantity and quality of food has been received at the discharge destination.

Upon receipt of the survey report and the claim lodged by CARE, the insurance company will assess the amount of the damages and/or losses sustained. Euronaid double checks the calculations and a small recovery fee is deducted for the insurer.

Following acceptance of the assessment by Euronaid, the settlement amount will be credited to the Euronaid Finance Division. Euronaid will then transfer any amounts due CARE to the country office. Claims are usually settled quarterly, however, approval of the claims by insurers can more than a year.

1. Uses of Claims Settlements

It is a requirement of the CEC that the funds obtained from claims collection are utilized for the purchase of food for the same program. Deviation from this must be authorized by the CEC.

2. Reporting on Insurance Claims

When Euronaid transfers the amount received in settlement of the claim to the CARE country office, the following documents are provided: a payment slip, a claim advice and a report on “Use of Refunds from Underwriters for Losses/Shortweights/Damages of Food Aid Supplied by the CEC.”

Country offices are also required to submit to the CEC a report specifying the use of claim amounts, to be received no later than six months after the amount has been credited to the account.

C. United States

1. Transfer of Title to CARE

Title to U.S. government food passes to CARE, unless agreed otherwise, as follows:

Program	**Cooperating Sponsor**	**Title Passes**
Title II	Non-governmental	f.a.s. or f.o.b. vessel at U.S. port
Section 416	Non-governmental or governmental	f.a.s. or f.o.b. vessel at U.S. port
Food for Progress	Non-governmental or governmental	f.a.s. or f.o.b. vessel at U.S. port

Claims against shipping companies may be initiated for Title II, Section 416 and Food for Progress food once title passes to CARE and the shipping company is issued the Bill of Lading.

2. Exceptions to Filing Claims for Marine Losses

Claims must be filed against a shipping company for every marine loss EXCEPT:

- When general average has been declared, i.e., a shipping company causes a deliberate loss or damage to goods in the face of an immenent peril to save a ship or other goods on board. The cost of the lost goods is shared by the owners of the saved goods. (Food Aid Lexicon, FAM, November 1993.)
- When the loss is US$100 or less; or the loss is between US$100 and US$300 and CARE determines the cost of pursuing the claim would exceed the amount of the claim.

3. Marine Losses Valued at less than US$300

The CARE country office submits the original plus two copies of the Independent Survey Report to the HQ Procurement office within 30 days of discharge.

4. Filing Claims for Marine Losses in Excess of $300

Once a discharge survey report is submitted to a country office that establishes there are marine losses, country offices must begin the process of filing, pursuing and collecting claims against shipping companies. See ***Port*** for additional information on files and ledgers that must be kept for arrivals of food. As CARE may be reimbursed for administrative expenses for claims filed against shipping companies, CARE Finance has established procedures which country offices must follow as claims are being pursued. See Chapter 8 of the ***Overseas Finance Manual***. Also, see Almis #3616 **- *Marine Claims Procedures for Both CARE Missions and CARE NY***, January 4, 1990 for specific information examples of documents needed for filing marine claims.

The Procurement Office and CARE USA's shipping agent are primarily responsible for pursing marine claims against shipping companies and filing all reports and documents related to marine claims with AID and USDA. They are also responsible for all communications with country offices regarding additional documentation required for the handling, processing and settlement of marine claims. See **Attachments** for an example of a cover memorandum that can accompany all marine claims correspondence.

One claim should be filed for each voyage of the same vessel to the same port of discharge. If different types of food are shipped on the same ship and there is more than one Bill of Lading, still file only one claim against the shipping company. The claim will take into account the entire shipment.

5. Computation of Ocean Carrier Claims

Unless otherwise required by the donor, the monetary value of ocean claims can be computed using the following calculation:

- Determine the local market value of food at the time and place the loss occurred or the FAS value of the shipment from the Bill of Lading.
- Add freight and insurance for ocean transport as stated on the Bill of Lading.
- Divide the sum by the net number of kgs in the shipment, to get the price per kg delivered.
- Multiply the price per kg delivered by the number of kgs lost or damaged.

The following are additional costs to CARE which may be included in the claim:

- Special charges authorized by donor regulations.
- Any costs incurred by CARE or the donor to reconstitute cargo damaged by the ocean carrier. Include as separate item.
- If food is damaged and determined by a competent authority to be unfit for human consumption and then sold or otherwise disposed of pursuant to donor regulations, credit the claim by the monetary equivalent of the NET proceeds of the sale. If the unfit food is donated for some useful purpose, the donor may allow for a credit to the carrier per kg for the amount donated.
- Salvage credits for unfit food which is destroyed, if allowable by the donor.

6. Assignment of Claim Numbers

As specified in the CARE ***Overseas Finance Manual***, CARE must assign all marine losses relating to food a claim number in order to track them. Claim numbers are to be assigned as follows: MA - two digit country number - four digit sequential number starting with 0001 for each claim. For example, the 41st claim for CARE-Haiti would be MA - 46 - 0041.

7. Notice of Protest

For losses in excess of US$300, a Notice of Protest (see **Attachment**) must be filed with the shipping company within 72 hours after completion of discharge of short or damaged shipments indicating that a loss has been determined and that the company is being held responsible. This requirement is set forth in ***Overseas Finance Manual***.

The notice should include:

- Date of notification
- Name of the vessel
- Description of the cargo
- Estimate of quantity lost or damaged.

8. Submission of Discharge Survery Reports

Country offices must submit the original and three copies of the discharge survey report by numbered, transmittal letter to the Procurement Office at CARE USA Headquarters within 45 days of discharge. The Procurement Office and CARE's shipping agent will forward the report along with other documentation (see below) to AID and USDA. See ***Port*** for information about the content of the survey.

9. Loss Advice

Along with the Discharge Survey Report, country offices must also submit a Loss Advice (see **Attachment**) in quadruplicate to the Procurement Office. This is required by CARE Finance in the ***Overseas Financial Manual***.

The report must contain :

Loss Advice Information

Type	**Required information**
Shipment information, such as	• Discharge port • Vessel/Voyage No. • Bill of Lading No: • Discharge Date • Shipping Company • Shipment No.
Quantity lost, such as	• Food • Quantity per bill of lading • Quantity received • Quantity short • Quantity damaged
Description of loss and circumstances	• Unfit • Destroyed • Donated • Salvaged • Reconstituted

10. Claims Progress Memo

The Claims Progress Memo is a report of progress being made in the settlement of marine claims (see **Attachment**). It must be submitted to the Procurement Office, in quadruplicate, by numbered letter, after any event which relates to a previously reported loss. Upon receipt of the Claims Progress Memo the amount of food previously reported in the Loss Advice will be adjusted based on the new information.

Claims Progress Memos are to be numbered consecutively, by country, in serial number sequence.

11. Summary of Required Claims Documentation

The following Table summarizes the documents that must be submitted to the Procurement Office. There should be an original and three copies, and any documents not in English must be accompanied by English translations.

Submitting Claims for Marine Losses Valued in Excess of US$ 300

Responsibility	Report/Document	Submission To	Date
CARE country office	Discharge survey report pertaining to the shipment	Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Notice of protest letter	Shipping company or its agent Copy to CARE-USA HQ Procurement	Within 3 days after discharge of short or damaged commodity
CARE country office	Loss advice	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Outturn reports (tally sheets of the surveyor, see Port Chapter), if available	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Shortlanding certificates signed by the port authority, if available	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Unfitness certificate or chemical analysis report issued by Ministry of Health, if applicable	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Disposition certificate, if applicable	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Invoice of survey fee	CARE-USA HQ Procurement	Within 45 days of discharge
CARE country office	Invoice or other documents for reimbursement for reconstitution	CARE-USA HQ Procurement	Monthly - 10th of each month Within 45 days of discharge
CARE country office	Disbursing Officer's receipt for net proceeds of sale of unfit commodities	CARE-USA HQ Procurement	Within 45 days of discharge
CARE country office	Resolution of excess landed quantities	CARE-USA HQ Procurement	Within 45 days of discharge
CARE country office	Copy of bill of lading	CARE-USA HQ Procurement	Within 45 days of discharge

All marine claims records must be retained by CARE for a full six years <u>after settlement</u>.

X. PURSUING CLAIMS FOR INTERNAL LOSSES

A. General

Claims may be filed by country offices for the loss or misuse of food against CARE employees, counterpart staff, transporters, owners of commercial warehouses or others. CARE may be liable to the donor for the value of the food unless the donor determines the loss could not be prevented considering normal commercial practice in the country and the difficulties associated with carrying out programs using food resources.

Unless otherwise approved by a donor in writing, CARE must undertake all necessary efforts to recover the food or its value from the person responsible for the food when the loss occurred.

CARE may elect not to pursue claims in the following two instances:

- The loss on which the claim is based is caused by *force majeure*. In other words, the events causing the loss were beyond the control of the parties responsible and could not have been avoided by the exercise of due care. An example would be a flash flood which damages food stored in a community distribution center, assuming the distribution center is not located in a flood plain.
- The value of the claim is less than US$500, failure to pursue the claim would not be detrimental to the program, or costs of collecting this claim would exceed $500.

The US$500 limit on filing claims applies to each contract under which the losses occur. For example, if bags of U.S. Government wheat are lost by a trucking company contracted by CARE, the amount of the loss is based on the transport of the entire shipment under the transport contract and not the loss attributable to each individual truck.

B. Coordination between CARE Finance and Logistics Staff

CARE Logistics and Finance staff are usually involved in pursuing claims. Logistics staff may keep the internal claim files and ledgers, and finance will be responsible for receiving payments or deducting claims from invoices or disbursing monies to donors or others. Country offices must establish procedures for regular up-to-date communications between these offices to assure that all necessary steps are being taken to pursue and close out claims.

C. Valuing Claims

Generally, claims should be valued higher than the market price of the food at the time and place of the loss, or the cost of food, insurance and ocean freight (C.I.F.) as stated on the Bill of Lading. All decisions on valuing claims should be agreed to by donors' local representatives.

Many country offices value the food 10% higher than market price. This serves as a penalty against those responsible for the loss.

D. Pursuing Claims

A ***claim letter*** must be prepared and sent to the person or organization responsible for the loss (see **Attachment**). CARE must make reasonable attempts to collect claims. "Reasonable attempts" shall not be less than the follow-up of the original claim letter with three progressively stronger demands at not more than 30-day intervals. If such action does not achieve a satisfactory result, legal action must be pursued in the country where the loss occurred unless:

- Liability of the third party is not provable.
- Costs of pursuing the claim would exceed the amount of the claim.
- The third party would not have sufficient assets to satisfy the claim.
- Maintaining legal action in the country's judicial system would seriously impair CARE's ability to conduct an effective program in the country.
- It is inappropriate for reasons relating to the judicial system of the country.

Donors must be provided with copies of all claim letters and other relevant claim information, if requested. If CARE decides not to pursue legal action, the reasons must be submitted to the donor and/or the appropriate CARE International member. Likewise, any settlement for less than the claim value must be approved by the donor.

E. Monitoring the Status of Claims

An **internal claims ledger** is used to monitor the status of all losses and claims. Below is one format that could be used to keep track claims. The information in this ledger is taken from the Loss and Adjustment Report and the claims letter. It allows management to monitor the status of all internal losses. Prepare a separate ledger and file by donor and by shipment. Country offices should establish an internal claim numbering system similar to that used for marine claims.

Internal Claims Ledger

Date:

Reporting Period: **Donor:**

Loss adjustment report #					
Date of loss ad report					
Shipment #					
Type of Food					
Organization / Person Responsible					
1st claim letter: **Date** **Ref. No.**					
2nd claim letter: **Date** **Ref. No.**					
3rd claim letter: **Date** **Ref. No.**					
4th claim letter: **Date** **Ref. No.**					
Date legal action commenced					
Amount collected					
Amount reimbursed to donor					
Date Claim closed					
Remarks					

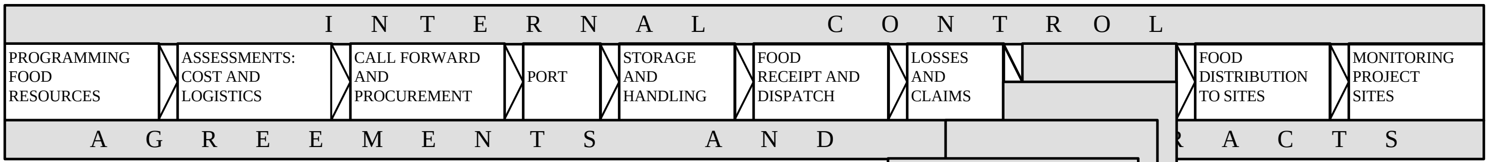
F. Reporting Claims Information to the Donor

Provide the donor with copies of claim information. This can best be done by providing a copy of the claims ledger and submitting additional information, as requested.

G. Claims Proceeds

See CARE's ***Overseas Financial Manual*** and ***Almis #4496 Inventory - Food Commodities*** with the attached ***Commodity Accounting Manual*** for information regarding the financial accounting entries required when claims are established and collected.

For U.S. Government food, deduct collection costs such as reasonable legal fees and other collection costs from the proceeds. Remit net proceeds to U.S. Disbursing Officer, American Embassy. For all other donors, report the amounts collected less collection costs. Request permission to use net proceeds for programming activities within the country.



Inventory Accounting and Reporting

Chapter 10

Click on the title of any section below to view

Warehouse inventory accounting applies to food stored at Port Authority warehouses, CARE, counterpart or contracted warehouses, and all movements of food into and out of these warehouses. This chapter covers the time shippers turn over custody and control of food to CARE at ports to the receipt by a distribution site.

I. RECORDING MEASURES - UNITS AND WEIGHTS

The best warehouse accounting system uses a minimum number of documents to account for food while providing useful information for management and staff. CARE uses a perpetual inventory system in which a continuous record is kept of the amount of food in units or fractions of units. The weight of each unit is known and can be used to calculate the total weight. For example, if there are ten and one half bags of wheat in a warehouse and each bag weighs 50 kgs., there is a total of 525 kgs. of wheat.

Because there are differences in equipment available to accurately weigh food inventory, this manual emphasizes counting bags and containers of food by whole units. It is assumed that the weight per unit stated on the original Bill of Lading is accurate to within two percent. For example, a 50 kg. bag may be 49, 50 or 51 kgs., and still be considered one whole unit.

However, anytime bags or containers are suspected of being below or above the two percent weight tolerance, CARE port or warehouse staff, clearing and forwarding agents or counterpart staff must weigh bags and containers. See ***Port*** for guidance on weighing. Rebag to assure proper weight and fill out a Loss and Adjustment Report as required.

While ledgers usually show total units, there will be cases where a few bags and containers of food are only partially filled. In these cases, record the weight of the partially filled bag or container. For example, if the B/L weight is 50 kgs/bag, but there are 1½ bags after repackaging, record 1 bag and 25 kilos in the ledger. See ***Food Receipt and Dispatch*** and the Warehouse Inventory Ledger below which has columns for units and kgs.

II. WAREHOUSE INVENTORY ACCOUNTING VS. COMMODITY FINANCIAL ACCOUNTING

Warehouse inventory accounting tracks units of food, such as bags of grain or cartons of oil. Each warehouse keeps records that show stock movements, losses and balances at the warehouse. Regional and country offices maintain summary warehouse inventory records that show total warehouse inventory balances.

Commodity financial accounting also tracks food by units, but also assigns a monetary value to the units. While warehouse accounting is the inventory system for the individual warehouse, commodity financial accounting is the inventory system of the overall organization. Commodity accounting acts as a check on the warehouse inventory system, and places a total dollar value on all food program assets in inventory in a country.

	Warehouse Inventory Accounting	**Commodity Accounting**
Measures:	Units - includes bags and containers for oil Weight - for partially filled units	Units and financial value of units Weight and financial value of weight
Scope:	For individual warehouse	For the whole organization
Reporting period:	Continuous record and monthly and quarterly reports	Monthly and year-end reports
Responsible:	Warehouse manager, storekeeper or inventory accountant	Financial accountant
Sources of information:	Bills of Lading Survey report Waybills Stack cards Loss and Adjustment Reports Distribution Plans Warehouse inventory ledgers Physical counts by warehouse managers	Bills of Lading Survey reports Waybills Stack cards Loss and Adjustment Reports Distribution Plans Commodity financial ledgers Physical counts by financial managers

Given the high monetary value of food programmed by CARE and the need to use sound commercial practices in managing this asset, it is important to keep commodity financial accounting separate from warehouse inventory accounting. Having two separate entities with opposing interests makes collusion more difficult and sets up a system of checks and balances. Just as a bank account holder maintains a check register and compares his own balance with the balance shown on the bank statement, the commodity financial accountant compares commodity inventory records with the warehouse inventory records to detect errors and discrepancies.

Reference ALMIS # 4496 - Inventory Food Commodities with attached *Commodity Accounting Manual* sections on Reconciliation of Commodity Inventory Ledgers. This *Inventory Accounting and Reporting* chapter and the *Commodity Accounting Manual* have been written to complement each other, and examples used in both manuals are similar.

Each location where CARE, a port authority or counterpart holds food is equivalent to a bank where "cash" is kept. For example, food is deposited in the first "bank account" when it is received at port. It then is transferred from the port bank account to a second bank account, usually a primary warehouse. The food may then be transferred to a third bank account, which may be a secondary warehouse, and then finally to a store at a distribution site.

Certain properly authorized documents are required to receive or dispatch food from a warehouse. Just as banks keep records that reflect all deposits and withdrawals as well as the account balance, warehouses must keep similar records.

Comparison of Banking and Warehouse Accounting Terms

Bank term	**Equivalent to**	**Warehouse accounting term**
Bank		Food storage area, such as a warehouse
Deposit slip		Bill of Lading and Waybill - Receipt Information Section
Check		Waybill - Dispatch Information Section
Bank debit/credit memo		Loss and Adjustment Report
Bank statement		Warehouse inventory ledger
Bank reconciliation (reconciles balance per bank statement with balance per account holder's check register)		Warehouse reconciliation (reconciles physical warehouse balance with warehouse inventory ledgers)*

*For purposes of this manual warehouse reconciliations are done by warehouse managers or storekeepers. Country offices or counterparts must assure that reconciliations are done on a regular basis. In emergency settings, daily reconciliations may be required, however in more stable programs monthly or quarterly reconciliations may be sufficient.

Internal Control

Warehouse reconciliations listed in the warehouse accounting terms column are internal reconciliations required for on-going management of the asset. These reconciliations, however, <u>do not substitute</u> for independent reconciliations set forth in the *Commodity Accounting Manual* attached to ALMIS #4496.

III. PERSONNEL

A. Ports

For transactions at ports (discharges from ships and direct dispatches from ships or dispatches from port warehouses), warehouse inventory accounting staff will usually be located at the country or regional offices or at port cities. Working with independent surveyors, CARE staff may record transactions or they may have their clearing and forwarding agents maintain ledgers for port transactions.

B. In-Country Warehouses

The number of warehouse inventory accounting staff depends on the size of the warehouse. In a small or medium-sized warehouse, the storekeeper may maintain the stack cards and the warehouse inventory ledgers. In a large warehouse, a storekeeper may assign assistant storekeepers to record transactions on stack cards or in inventory ledgers, while maintaining overall management responsibilities. For even larger programs, including emergencies, warehouse managers with assistants may be responsible for a number of warehouses and storekeepers in a city or region, or a compound with many pre-fabricated warehouses (Rubb Halls).

CARE Tanzania Example

In the Ingara Rwanda refugee camp in Tanzania, CARE Tanzania's warehouse manager is responsible for approximately sixteen warehouses (Rubb Halls) located within a fenced compound. The warehouse manager maintains a separate office within the warehouse compound. A warehouse accountant maintains the warehouse inventory ledgers for all sixteen warehouses. Previously each storekeeper maintained warehouse inventory ledgers for his/her warehouse, in addition to the ledgers maintained by the warehouse accountant. Since this was a duplication of information, the warehouse manager discontinued the practice. Daily, the warehouse accountant and each warehouse storekeeper reconcile balances between the warehouse inventory ledger and the stack cards within each warehouse. Also copies of distribution plans and waybills are available as source documents. By eliminating one set of ledgers and doing a daily reconciliation, less staff time is devoted to achieving the same result--maintaining proper warehouse accounting records.

IV. MAINTAINING WAREHOUSE INVENTORY LEDGERS

Warehouse inventory ledgers are required for each individual shipment of food which arrives in country (a shipment number usually is assigned by the country office) and for each type of food. All transactions related to the receipt, dispatch or loss of food are recorded in these ledgers.

A. Source Documents for Ledgers

The source documents that support entries to the ledger are:

- Discharge (ex-tackle) independent survey reports - See ***Port.***
- Delivery reports of independent surveyors - See ***Port.***
- Waybills - See ***Food Receipt and Dispatch.***
- Loss and Adjustment Reports - See ***Losses and Claims.***

B. Warehouse Inventory Ledger

These forms set out the minimum information required for recording food transactions. Country offices may include additional information, if necessary.

WAREHOUSE INVENTORY LEDGER

Warehouse: **Commodity type:**
Shipment no.: **Commodity unit:**
Donor: **Unit weight:**

Date	Reference No.	PN	Origin/ Destination	Receipts		Dispatches & (Returns) Units Kgs		Type of Loss	Losses		Balance		Pending	
				Units	Kgs				Unit	Kgs	Units	Kgs	Units	Kgs
Balance brought forward														
	Total			0	0	0	0		0	0			0	0

(Source documents: Bills of lading, waybills and Loss and Adjustment Reports)

Warehouse Inventory Ledger - Unfit Food

Warehouse: **Commodity type:**
Shipment no.: **Commodity unit:**
Donor: **Unit weight:**

Date	Reference No.	Receipts	Dispatches	Losses	Balance	
Balance brought forward					0	
					0	
					0	
					0	
					0	
					0	
	Total	0	0	0		

(Source documents: Dispatch waybills and Loss and Adjustment Reports)

C. Guidelines for Preparing Warehouse Inventory Ledgers

Creating Ledgers

- Maintain two types of warehouse inventory ledgers--one for good food (includes original bags or containers and repackaged) and one for food suspected or declared to be unfit for human consumption. Maintaining two ledgers permits easier reconciliations among warehouse inventory ledgers, commodity financial ledgers and physical counts.
- Maintain ledgers by shipment number, donor and food type. For instance, if wheat from three separate shipments is stored in the warehouse, maintain three separate ledgers even though the wheat comes from the same donor.

Recording - Generally

- Record entries in whole units. If some bags are only partially filled, record the weight. If there are 1 ½ bags with a standard bag weight of 50 kilos, record 1 bag and 25 kilos.
- Update ledgers daily so that balances are available and losses will be detected.
- Close ledgers at the end of each month. Country offices and counterparts should coordinate closure of ledgers with commodity financial accountants.
- Carry forward the opening balance from the previous month's ending balance. If there is no ending balance for the previous month, the opening balance is zero.

Recording Receipts and Dispatches in Port Ledgers

- Enter receipts in the Receipts column of the ledger from the quantity listed on B/L. B/Ls list the number of units shipped. If food is shipped in bulk, divide the total weight of the food by the unit weight of the bags accompanying the bulk shipment to get number of bags.
- Add up totals of food received short or in damaged packages (includes unfit) during discharge from ships at port and enter totals in the Pending column of the ledger. The independent survey report is the source document for this marine loss information.
- Enter units and weights in the Dispatch column of the ledger from the “Total Units” column of the “Dispatch Information” section of the waybill. Use the independent surveyor’s delivery survey, when available, as additional supporting documentation.

Recording Receipts and Dispatches in In -country Warehouses

- For arrivals in warehouses, record in the Receipts column of the ledger the units and weight listed in the Total Dispatch line of the waybill.
- Enter units and weight of damaged packages in the Pending column of the ledger.
- For dispatches from warehouses, enter units and weights in the Dispatch column of the ledger from the “Total Units” column of the “Dispatch Information” section of the waybill.
- Enter returns of any dispatches to warehouses as a negative number in the Dispatch column.

Loss and Adjustment Reporting

- Fill out Loss and Adjustment Reports whenever a loss or excess of food is discovered. Generally, the best method is to reconstitute the food into new bags or containers first, then describe the nature and extent of damages.

Ports

- Fill out a Loss and Adjustment Report for all marine losses at port. The independent survey report is the support document and it should be referenced or attached to the Loss and Adjustment Report.
- Fill out a Loss and Adjustment Report for losses occurring between the time food is discharged from a ship, placed in port warehouses and then dispatched from the port warehouse to an in-country warehouse. The discharge (ex-tackle) and delivery survey reports should be used as supporting documents and referenced or attached to the Loss and Adjustment Reports.

In-country warehouses

- Fill out Loss and Adjustment Reports for transit losses when food is dispatched between warehouses and/or distribution sites, enter the amount of loss in the Pending column of ledger and submit the report for approval.
- Fill out Loss and Adjustment Reports for losses discovered in warehouses, enter the amount of loss in the Pending column of ledger and submit the report for approval.
- Fill out Loss and Adjustment Reports for any food declared unfit for human consumption by a public health officer or other authorized officials, enter the amount of loss in the Pending column of ledger and submit the report for approval.
- Submit Loss and Adjustment Reports to a person authorized by the CARE country office or counterpart to approve these reports. Once approved, copies of reports should be returned to the warehouse manager or storekeeper who prepared the report.
- Use a negative entry to remove losses from the Pending column of the ledger and enter the amount in the Loss column of the ledger.
- Remove the loss from the Pending column, upon approval, and enter the amount in the Receipts column of the ledger for unfit food.
- Balances in the Pending column represent amounts for which authorized Loss and Adjustment Reports have not been approved.

D. Warehouse Inventory Reporting Period

Warehouse managers or storekeepers must take physical inventory and prepare Commodity Status Reports at least once a month. In order to assure consistency in commodity reporting, follow the same monthly reporting periods used for financial accounting. See CARE Finance's ***Commodity Accounting Manual*** and ***Overseas Finance Manual*** for detailed information.

The fiscal year ending 30 June contains 12 reporting periods plus one end of year adjustment period. The twelve reporting periods end on the 25th of each month for country offices, except for the month of June, when it ends on the 30th. The country director sets the end date of the reporting period for suboffices. When setting this date, allow sufficient time for the transmittal of data to the principal country office. For example, if a country office has suboffices outside the capital where the principal office is located, the country director determines that the suboffices will determine their commodity inventory balances as of the 20th of each month. The data is submitted to the principal office in time for the close of the reporting period on the 25th. See CARE ***Overseas Financial Manual*** for additional information regarding reporting periods.

E. Recording Transactions - Ledger Format And Examples

This section provides the basic warehouse inventory ledger format and examples of how to enter transactions. It begins with the arrival of food at the port and continues through dispatches to distribution sites, including specific transactions, summary tables which analyze receipt, dispatch and loss/damage information, and actual entries into warehouse inventory ledgers. The summary tables set out in this section are for illustrative purposes only.

While the examples below show transactions taking place nearly all at the same time, there often will be delays in making entries in ledgers because of distances and slow communications.

1. Transactions at the Port

1. Discharge from ship

- 27 October -- A ship with Bill of Lading #576 carrying 6,000 bags of CIDA wheat arrives at port. Shipment #3054 is assigned to the shipment by the CARE country office.
- A total of 5,900 bags are discharged from the ship, including 30 torn and leaking bags and five bags which are stained and appear unfit for human consumption.
- The 30 torn and leaking bags are reconstituted into 25 bags of food.
- 28 October -- Four of the five damaged bags are declared unfit for human consumption by an official of the Health Ministry. One bag is declared fit for human consumption.
- Loss and Adjustment Report #14 is prepared for the reconstituted and unfit food and submitted to a designated manager for approval.
- 29 October -- The suboffice administrator authorizes Loss and Adjustment Report #14, documenting marine losses of 109 bags (100 short, five lost after reconstitution and four unfit).
-

<u>Dispatch from the port warehouse</u>

- 29 October -- 1,000 bags are dispatched to warehouse #1 via Waybill # 850.
- 29 October --The four bags of unfit food are sold to a fertilizer company and dispatched from port via Waybill # 851.
- 30 October -- 1,000 bags are dispatched to warehouse #1 via Waybill #852.
- 31 October -- 1,000 bags are dispatched to warehouse #1 via Waybill #853.
- 1 November -- 1,000 bags are dispatched to warehouse #1 via Waybill #854.
- 2 November -- 1,000 bags are dispatched to warehouse #1 via Waybill #855.
- 3 November -- 850 bags are dispatched to warehouse #1 via Waybill #856.
- 3 November -- The port informs CARE that no bags remain from this shipment. The warehouse inventory ledger shows a balance of 41 bags. Loss and Adjustment Report #15 is prepared documenting the port loss of 41 bags.
- 4 November -- The sub-office administrator authorizes the report.
- 20 November -- The port informs CARE that an additional 30 bags from this shipment were discovered at port. This amount is documented on Loss and Adjustment Report #16 and authorized by the suboffice administrator.

SUMMARY TABLES - PORT

Marine Losses - Discharge Survey Report

1	**Bill of lading quantity**	6000
2	**Qty rec'd good**	5866
3	**Unfit for human consumption**	4
4	**Damaged bags (torn, wet, slack, etc.)**	30
5	**Total receipts landed (2+3+4)**	5900
6	**Qty repackaged**	25
7	**Short landed (1-5, if positive)**	100
8	**(Excess) receipts (1-5, if negative)**	0
9	**Total loss (3+4+6+7)**	159

NOTE: The survey report is the support document for the Loss and Adjustment Report. Per the survey report there are marine losses of 109 bags and a bill of lading quantity of 6,000 bags, for a net receipt of 5,891 bags. This matches the amount listed on the warehouse inventory ledger.

If the warehouse inventory ledger cannot be reconciled with the discharge survey report, it may indicate:

- The information on the survey report has been updated and this information has not been reflected on a Loss and Adjustment Report.
- Loss and Adjustment Reports for marine losses have not been received.
- Information on the Loss and Adjustment Reports does not match information on the survey report.

Summary Table - Dispatch Information From Port Warehouse

CARE Waybill #	850	851	852	853	854	855	856
Shipment #	3054	3054	3054	3054	3054	3054	3054
Donor	CIDA	CIDA	CIDA	CIDA	CIDA	CIDA	CIDA
Commodity	Wheat	Unfit Wheat	Wheat	Wheat	Wheat	Wheat	Wheat
Unit	Bag	Bag	Bag	Bag	Bag	Bag	Bag
Unit weight	50 kg.	50 kg.	50 kg.	50 kg	50 kg.	50 kg	50 kg
Dispatch qty	1,000	4	1000	1000	1000	1000	850

NOTE: The above table sets out the actual dispatches from the port warehouse to an in-country warehouse. The transactions are reflected in the warehouse inventory ledgers for food in good condition and that which is unfit.

Port Warehouse Inventory Ledger

Warehouse: Port - 1
Shipment no.: 3054
Donor: CIDA

Commodity type: Wheat
Commodity unit: Bag
Unit weight: 50 kilos

Date	Reference No.	Origin/ Destination	Receipts		Dispatches & (Returns) Units Kgs		Type of Loss	Losses		Balance		Pending	
			Units	Kgs				Unit	Kgs	Units	Kgs	Units	Kgs
Balance brought forward											0		
27/10/94	B/L 576	CIDA	6000	0						6000		109	
29/10/94	LAR 14						Marine	109	0	5891		(109)	
29/10/94	B/L 850	W/house - 1			1000	0				4891			
30/10/94	B/L 852	W/house - 1			1000	0				3891			
31/10/94	B/L 853	W/house - 1			1000	0				2891			
1/11/94	B/L 854	W/house - 1			1000	0				1891			
2/11/94	B/L 855	W/house - 1			1000	0				891			
3/11/94	B/L 856	W/house - 1			850	0				41			
4/11/94	LAR 15						Port	41	0	0			
20/11/94	LAR 16						Port	-30	0	30			
	Total		6000	0	5850	0		120	0				

(Source documents: Bill of lading, waybills and Loss and Adjustment Reports)

Port Warehouse Inventory Ledger - Unfit Food

Warehouse: Port - 1
Shipment no.: 3054
Donor: CIDA

Commodity type: Wheat
Commodity unit: Bag
Unit weight: 50 kilos

Date	Reference No.	Origin/ Destination	Receipts		Dispatches & (Returns) Units Kgs		Type of Loss	Losses		Balance	
			Units	Kgs				Unit	Kgs	Units	Kgs
Balance brought forward										0	0
29/10/94	LAR 14	Port - 1	4	0						4	
2/11/94	W/B 851	SALE			4	0				0	0
	Total		4	0	4	0		0	0		

(Source documents: Waybills and Loss and Adjustment Reports)

2. Transactions at an In-Country Warehouse

- 29 October **--** The truck carrying waybill #850 arrives at the warehouse from the port. Recall that the dispatch quantity on the waybill was 1,000 bags and the shipment number is 3054. A total of 975 bags are unloaded from the truck. Five bags are torn and leaking, and two bags are stained and appear to be unfit for human consumption.
- The five torn and leaking bags are reconstituted into 4 ½ bags. A public health official declares the two stained bags to be unfit for human consumption. The reconstituted and unfit bags as well as the bags delivered short are documented on Loss and Adjustment Report #100.
- 30 October **--** The suboffice administrator authorizes Loss and Adjustment Report #100 documenting the internal transit losses of 27 bags and 25 kilos.
- 30 October **--** The truck carrying Waybill #852 arrives at the warehouse and unloads 1,000 bags.
- 31 October **--** 1,000 bags of wheat are loaned to another organization and dispatched from the warehouse on Waybill #1498. The loan was approved by CIDA, the donor of the food.
- 31 October **--** The truck carrying Waybill #853 arrives at the warehouse and unloads 1,010 bags, of which five are torn and leaking, three are moldy and ten are underweight by five kilos each. The five torn and leaking bags are reconstituted into four. The ten underweight bags are reconstituted into nine. A public health official declares that three other stained bags are unfit for human consumption. The reconstituted and unfit bags as well as the ten excess bags are documented on Loss and Adjustment Report #101.
- 31 October **--** The suboffice administrator authorizes the Loss and Adjustment Report documenting the transit loss of five bags and the excess receipt of ten bags.
- 1 November **--** The truck carrying Waybill #854 arrives at the warehouse and unloads 990 bags. Loss and Adjustment Report #102 is prepared documenting the transit loss of ten bags, and the sub-office administrator authorizes removal of the loss from inventory.
- 2 November **--** The truck carrying Waybill #855 arrives at the warehouse and unloads 1,000 bags.
- 3 November **--** The truck carrying Waybill #856 arrives at the warehouse and unloads 850 bags.
- 4 November **--** 200 bags are dispatched from the warehouse to a Counterpart A's distribution center via Waybill #1499 for PN20. This dispatch is based on a distribution plan prepared by the project managers.
- 5 November **--** Two stained bags are returned to the warehouse. These were part of a dispatch of 200 bags to Counterpart B via Waybill #1500 for PN20. The dispatch was also part of the above distribution plan. The person authorized to accept the dispatch for Counterpart B noted on the Waybill that she did not accept the two bags because they were stained and appeared to be unfit for human consumption. Loss and Adjustment Report #103 is prepared. On the same day, a public health official declares the two stained bags returned to the warehouse to be unfit for human consumption, and the suboffice administrator authorizes the Loss and Adjustment Report.
- 5 November **--** Five stained bags are discovered in the stack of the shipment in the warehouse, Loss and Adjustment Report #104 is prepared, the public health official declares them to be unfit and the suboffice administrator authorizes the report.
- 6 November **--** The organization that borrowed 1,000 bags of wheat delivers the repayment wheat to the warehouse using their Waybill #2588.
- November **--** The warehouse storekeeper discovers a stack of wheat from shipment #3054 to be infested with insects. A professional exterminator fumigates the stack with phosphine. Note that the stack which contains the food repaid from a loan was not infested and thus was not fumigated.
- 10 November **--** Seven bags of unfit wheat are sold for animal feed and dispatched from the warehouse via Waybill #1501.

Note: See *Losses and Claims* for Loss and Adjustment Report examples.

Summary Table - Waybill Information
Warehouse #1

	Waybill #	CARE 850	CARE 852	CARE 853	CARE 854	CARE 855	CARE 856	Non CARE 2588	CARE 1500
1	Shipment #	3054	3054	3054	3054	3054	3054	3054	3054
2	Donor	CIDA	CIDA	CIDA	CIDA	CIDA	CIDA	CIDA	CIDA
3	Commodity	Wheat	Wheat	Wheat	Wheat	Wheat	Wheat	Wheat	Wheat
4	Unit	Bag	Bag	Bag	Bag	Bag	Bag	Bag	Bag
5	Unit weight	50 kg	50 kg	50 kg	50 kg	50 kg	50 kg	50 kg	50 kg
6	Dispatch per WB	1000	1000	1000	1000	1000	850	1000	2
7	Qty rec'd good	968	1000	992	990	1000	850	1000	
8	Unfit for human consumption	2	0	3	0	0	0	0	2
9	Damaged packages	5	0	15	0	0	0	0	0
10	Total receipts (7+8+9)	975	1000	1010	990	1000	850	1000	2
11	Qty repackaged	4.5	0	13	0	0	0	0	0
12	Short receipts (6-10, if positive)	25	0	0	10	0	0	0	0
13	(Excess) receipts (6-10, if negative)	0	0	10	0	0	0	0	0
14	Total loss (8+9-11+12)	36.5	0	31	10	0	0	0	2

Note - Waybill #1500 -The dispatch information was included on the waybill by the dispatching warehouse and the receipt information was included on the waybill by the receiving counterpart. The counterpart then manually wrote on the waybill that she did not accept two bags because they were stained. The transporter acknowledged this when he signed the waybill at the time of delivery to the counterpart. The receiving warehouse thus notes the receipt of two damaged bags on the waybill that the transporter returns to the warehouse.

The above table analyzes each waybill to show receipts, dispatches and how damaged food is accounted for. The information in rows 1 - 6 is from the Dispatch Information section of each Waybill. Information in Rows 7 - 14 is from the Receipt Information section of the Waybill which would be completed by the Warehouse #1 manager or storekeeper.

Summary Table - Waybill Dispatch Information

Waybill #	CARE 1498	CARE 1499	CARE 1500	CARE 1501
Shipment #	3054	3054	3054	3054
Donor	CIDA	CIDA	CIDA	CIDA
Commodity	Wheat	Wheat	Wheat	Unfit Wheat
Unit	Bag	Bag	Bag	Bag
Unit weight	50 kg.	50 kg.	50 kg.	50 kg.
Dispatch qty	1,000	200	200	7

Warehouse Inventory Ledger

Warehouse: Warehouse - 1
Shipment no.: 3054
Donor: CIDA

Commodity type: Wheat
Commodity unit: Bag
Unit weight: 50 kilos

Date	Reference No.	PN	Origin/ Destination	Receipts per Waybill		Excess Receipts		Dispatches & (Returns) Units Kgs		Type of Loss	Losses		Balance		Pending	
				Units	Kgs	Units	Kgs				Unit	Kgs	Units	Kgs	Units	Kgs
Balance brought forward													0	0		
29/10/94	W/B 850		Port - 1	1000	0								1000	0	27	25
30/10/94	LAR 100									Internal transit	27	25	973	25	-27	-25
30/10/94	W/B 852		Port - 1	1000	0								1972	25		
31/10/94	W/B 1498		Loan					1000	0				972	25		
31/10/94	W/B 853		Port - 1	1000	0								1972	25	5	
31/10/94	LAR 101					10	0			Internal transit	5	0	1977	25	-5	
1/11/94	W/B 854		Port - 1	1000	0								2977	25	10	
1/11/94	LAR 102									Internal Transit	10	0	2967	25	-10	
2/11/94	W/B 855		Port - 1	1000	0								3967	25		
3/11/94	W/B 856		Port - 1	850	0								4817	25		
4/11/94	W/B 1499	20	Counter - A					200	0				4617	25		
5/11/94	W/B 1500	20	Counter - B					200	0				4417	25		
5/11/94	W/B 1500	20	Counter - B					-2	0				4419	25	2	
5/11/94	LAR 103									Internal Transit	2	0	4417	25	-2	
6/11/94	LAR 104									Internal W/house	5	0	4412	25		
6/11/94	W/B 2588A		Loan	1000	0								5412	25		
	Total			6850	0	10	0	1398	0		49	25			0	0

(Source documents: Copies of waybills and Loss and Adjustment Reports)

Warehouse Inventory Ledger - Unfit Food

Warehouse: 1
Shipment no.: 3054
Donor: CIDA

Commodity type: Unfit Wheat
Commodity unit: Bag
Unit weight: 50 kilos

Date	Reference No.	Receipts	Dispatches	Losses	Balance	
Balance brought forward					0	
30/10/94	L/R 100	2			2	
31/10/94	L/R 101	3			3	
5/11/94	L/R 103	2			2	
5/11/94	L/R 104	5			5	
10/11/94	W/B 1501		12		-12	
	Total	12	12	0		

(Source documents: Dispatch waybills and Loss and Adjustment Reports)

V. PREPARING STACK CARDS

All food stored in warehouses must be placed in stacks. See ***Storage and Handling*** for more information on maintaining stacks. This section provides general guidelines for keeping stack card records and examples of stack cards. The examples are taken from the in-country warehouse transactions above.

Storekeeper Guidelines for Preparing Stack Cards

- Attach a stack card to each stack of food in a warehouse.
- Maintain separate stacks and cards for each food type and for each shipment number. If warehouse space is tight and food from another shipment is stacked on top of a partial stack, divide a stack card in half and list both shipments on one stack card. This should only be done in exceptional circumstances.
- Maintain separate stacks and stack cards by shipment number for food that has been damaged and awaiting reconstitution.
- Maintain separate stacks and stack cards by shipment number for food that has been repackaged.
- Maintain separate stacks and stack cards by shipment number for food unfit for human consumption.
- Record entries in whole units and record partial units in weight, e.g. 1 bag and 25 kilos.
- Record entries to stack cards whenever food is moved on or off a stack.
- Losses discovered at the time of receipt are not recorded on the stack card--if the food is not physically present, it cannot be part of a stack.
- Periodically count the units of food in the stack and reconcile the count with the balance on the stack card. Investigate any discrepancies. The warehouse manager or storekeeper must decide how often counts will be made and compared against the balance listed in the stack, although it is important to compare the physical stack count with the stack card balance whenever food has been placed on or taken off a stack.
- Compare the amounts listed on the stack card(s) for each food and shipment with the balances listed on the warehouse inventory ledger. Investigate any discrepancies, reconcile differences and prepare appropriate Loss and Adjustment Reports.

Example: All the good food received by Warehouse #1 went into one stack with one stack card. Food that was repackaged, food found unfit, and repayment of the loan went into three separate stacks, each with its own stack card. Based on this information, the following stack cards are completed:

CARE STACK CARD

Warehouse: 1 **Commodity:** Wheat

Shipment no.: 3054 **Commodity unit:** Bag

Donor: CIDA **Unit weight:** 50 kilos

DATE	REFERENCE NUMBER	RECEIPT	DISPATCH	BAL
29/10/94	W/B 850	968		968
30/10/94	W/B 852	1,000		1,968
31/10/94	W/B 1498		1,000	968
31/10/94	W/B 853	992		1,960
01/11/94	W/B 854	990		2,950
02/11/94	W/B 855	1,000		3,950
03/11/94	W/B 856	850		4,800
04/11/94	W/B 1499		200	4,600
05/11/94	W/B 1500		200	4,400
05/11/94	L/R 104		5	4,395

CARE STACK CARD

Warehouse: 1 **Commodity:** Unfit Wheat

Shipment no.: 3054 **Commodity unit:** Bag

Donor: CIDA **Unit weight:** 50 kilos

DATE	REFERENCE NUMBER	RECEIPT	DISPATCH	BAL
29/10/94	W/B 850	2		2
31/10/94	W/B 853	3		5
05/11/94	W/B 1500	2		7
05/11/94	L/R 104	5		12
10/11/94	W/B 1501		12	0

CARE STACK CARD

Warehouse: 1 **Commodity:** Repackaged Wheat

Shipment no.: 3054 **Commodity unit:** Bag

Donor: CIDA **Unit weight:** 50 kilos

DATE	REFERENCE NUMBER	RECEIPT	DISPATCH	BAL
29/10/94	W/B 850	4.5		4.5
31/10/94	W/B 853	13.0		17.5

CARE STACK CARD

Warehouse: 1 **Commodity:** Wheat

Shipment no.: 3054* **Commodity unit:** Bag

Donor: CIDA **Unit weight:** 50 kilos

DATE	REFERENCE NUMBER	RECEIPT	DISPATCH	BAL
06/11/94	W/B 2588A	1,000		1,000

*Represents loan repayment from another organization; therefore, although the same shipment #, it is stacked separately

VI. FILING DOCUMENTS

At a minimum, maintain the following records and documents in chronological order:

- Receiving copies of waybills, with receipt acknowledged
- Dispatch copies of authorized waybills
- Copies of authorized Loss and Adjustment Reports
- Inventory ledgers by food type and shipment number
- Stack cards.

As stipulated in CARE's ***Overseas Finance Manual***, maintain documents for seven years or for the length of time required by the donor, whichever is longer.

VII. PHYSICAL INVENTORIES

Warehouse managers or storekeepers should carry out physical inventories at designated time periods and reconcile physical counts with balances on stack cards and in warehouse inventory ledgers. If there are differences between counts and records, a Loss and Adjustment Report should be prepared and recorded in the warehouse inventory ledger. See ***Storage and Handling*** for guidance on physical inventories. Also, see Reconciliation of Commodity Inventory Ledgers section 5 - Reconciliation with Physical Count in ***ALMIS #4496 Inventory - Food Commodities - Commodity Accounting Manual*** for the role of the commodity accountant in carrying out independent reconciliations and preparation of Loss and Adjustment Reports.

Internal Control

Physical counts are the true inventory and each time a count is taken the ledger balances must reflect this count. If there are differences between the count and the ledger balance, reasons for differences must be stated on the Loss and Adjustment Reports.

VIII. REPORTING

A. Commodity Status Report (CSR)

Commodity Status Reports provide management with basic summary information on receipts, dispatches, losses, and physical inventories of food stored in warehouses during given periods of time. They are a critical management tool. **CSRs do not include food stored at project sites which is available for immediate consumption including open storage areas for emergency distributions.** In these cases, any reporting on food would be included in Recipient Status and other monitoring reports. See ***Monitoring Project Sites*****.**

CSRs must include information from counterpart warehouses as well as CARE controlled warehouses.

Warehouse Commodity Status Reports are prepared for each individual warehouse. Whether it is a report reflecting activity at a port or an in-land warehouse, warehouse managers or storekeepers must assure that CSRs balance. The importance of carrying out regular physical inventories cannot be emphasized enough.

If there is more than one warehouse in a region, individual warehouses will prepare their CSRs and submit them to the regional office. The commodity financial accountant or the Food and Logistics section in the regional office will then aggregate these reports into a CSR. Similarly, if there is more than one region, each region will submit its CSR to the commodity financial accountant or Food and Logistics section in the country office who will aggregate the regional reports into a country-wide CSR. In effect, all CSRs roll-up from local warehouses to regional offices to the country office. **CSRs should be prepared for each donor.**

Country offices must determine if the commodity financial accountant or managers in the Food and Logistics sections prepare the CSRs. The commodity financial accountant will have original copies of all receipt and dispatch waybills and Loss and Adjustment Reports to prepare their commodity accounting ledgers. See ***Food Receipt and Dispatch*** on routing waybills.

1. Monetization

Commodity Status Reports must include information on monetizations as well as direct food distributions. Including this information on CSRs will provide program managers with complete information on receipts and dispatches of all food inventories for all programs.

- In instances where a B/L is endorsed over to a buyer at the time a ship arrives in country and CARE never takes actual control or custody, the country office food management staff should **<u>not</u>** enter the tonnages in the consolidated CSR for the country office. As CARE never actually takes custody and control of the food, there is no reason to include the tonnages in the CSR. Country offices will report these tonnages as part of their regular financial reporting and in Annual Project Information reports prepared for CARE USA's Program Division.

- When country offices take custody and control of food to be monetized later, warehouse managers and storekeepers should include information on dispatches to buyers on the CSRs. Information would be entered on the Monetization line in the Distributions and Dispatch Section of the Report.

In order to minimize the number of reports country offices must submit to different donors, country offices should request that the CSR be submitted to them in lieu of other commodity reports.

2. Guidelines for Preparation

The CARE CSR form is adapted from a report required by AID's Bureau of Humanitarian Affairs, Office of Food for Peace for PL 480 Title II programs.

Guidelines for Preparing CSRs

- CSR should be reported in kilograms.
- Fill in the Physical Inventory at the beginning of the reporting period. (A). This inventory must be based on actual counts.
- Add all Receipts during the period. (B. 1-5). Arrivals means arrivals per the documentation - B/L or waybill. For example, if a B/L shows 6000 bags of wheat @50kgs per bag this amount would be recorded in (B.1), or if the same amount came from a warehouse this would be reported on (B. 5). As support for arrivals during a period, see attachment 10-1, PL 480 Receipts Report from CARE Ethiopia and CARE Peru for examples. The Receipt Reports should be prepared and submitted with the quarterly CSR.
- Report total receipts. (C)
- Add all distributions during the period to projects and dispatches for monetization and to other warehouses. (D. 1-5)
- Report total distributions and dispatches. (E)
- Calculate the Balance According to Documentation (ledgers, B/L, survey reports, waybills) (A+C-E=F)
- Report the Physical Inventory at the end of the reporting period. (G) This inventory must be based on actual counts.
- Report the total differences between the Balance According to Documentation and the end of the month Physical Inventory on (H) and breakdown the total of H on lines H. 1-5. Lines 1-5 include losses and loans - made and repaid.
- Report total of Differences Accounted For also on line I.
- Total of Differences accounted for (I) plus the end of the month physical inventory (G) must reconcile with the Balance According to Documentation. (I+G=F)
- If I+G do not equal F, totals should be included in the Unaccounted for Difference line J. Warehouse managers, storekeepers, commodity financial accountants or staff in Food and Logistics sections must provide explanations, in writing, for any differences that are unaccounted for.

a. Consolidation of CSRs

Commodity financial accountants or Food and Logistics staff in regional and/or country offices should complete CSRs in the same way that individual warehouses complete reports, except that staff :

- Must determine if food dispatched from ports is received at inland warehouses during the CSR reporting period. If food is not received (there is no copy of the receiving warehouses waybill), the amount of food dispatched to the receiving warehouse should be included in the port warehouse physical inventory. This is important to assure that double counting of inventories does not take place. See Example Two below.

- Subtract out dispatches received from warehouses (b. 5) and sent to warehouses (d. 5). This is also necessary to assure that overall inventory is not double counted during the consolidation. If a regional office does the consolidation, this step will not be required when the country office prepares its country-wide CSR. See Example Three below.

When consolidating CSRs, there may be instances where total food inventory is understated because the CSR does not include food in transit between inland warehouses.

b. Sample CSRs

The examples below use the information from the transactions used to prepare the port and warehouse inventory ledgers in this chapter. They assume no other transactions for a quarter. They also take into account food in transit from a port or between warehouses. Each example shows aggregated information, although in practice there should be one monthly CSR for each warehouse and region and a quarterly CSR for the country office.

Finally, the examples in these CSRs are presented in units in order to match other examples in the manual. For preparation of actual CSRs, units would have to be converted to kilograms.

EXAMPLE 1 – FOOD DISPATCHED AND RECEIVED DURING A REPORTING PERIOD
PORT - WAREHOUSE #1 – CONSOLIDATED

COMMODITY STATUS REPORT

Month/Quarter: October - December

Check One:

Country X
Preparer: each preparer
Title: ____
Signature: ____

■ **Country Office** (Quarterly)
☐ **Regional Office** (Monthly) ____(location)
■ **Warehouse** (Monthly) ____(location)

Donor CIDA
Date each date

	Quantities in Kilograms						
Commodity	**WHEAT**		**WHEAT**		**WHEAT**		**TOTAL**
Unit wt. (kgs)	**50**		**50**		**50**		
A. Physical Inventory at Beginning of Period	0		0		0		0
B. Receipts into Inventory							0
1. Arrivals according to B/L	6000				6000		12000
2. Food delivered by shipping companies and applied to cover previous shortages							0
3. Reimbursements of loans from other organizations			1000		1000		2000
4. Food borrowed from other organizations							0
5. Dispatches from warehouses			5850				5850
C. TOTAL RECEIPTS DURING PERIOD	6000	0	6850	0	7000	0	19850
D. Distributions and Dispatches out of Inventory							0
1. PN/NAME: 20			398				398
2. PN/NAME: ____							0
3. PN/NAME: ____							0
4. MONETIZATION (Country offices should include consolidated report amount of food turned over to buyers upon its arrival in country.)							0
5. Dispatches to Warehouses	5850						5850
E. TOTAL DISTRIBUTIONS DURING PERIOD	5850	0	398	0	0	0	6248
F. Balance According to Documentation (A + C - E)	150	0	6452	0	7000	0	13602
G. Physical Inventory at End of Period	30		5402.5		5432.5		10865
H. Differences between F and G (F - G)	120	0	1049.5	0	1567.5	0	2737
1. Ocean Freight Losses (marine, port)	109				109		218
2. Internal Losses (warehouse, internal transit)	11		49.5		60.5		121
3. Repayment of Loans from other Organizations							0
4. Loans made to other agencies			1000		1000		2000
5. Dispatches from Port Warehouse in transit at close of reporting period							0
I. TOTAL DIFFERENCES ACCOUNTED FOR (H1_H5)	120	0	1049.5	0	1169.5	0	2339
J. Total Differences Unaccounted for ([I+G] - F)	0	0	0	0	-398	0	-398

Physical inventory includes food in customs warehouses, in-country warehouses, in storage by co-sponsors, counterparts distributing agencies and which are in transit in country from ports in internal warehouses or central points which are not yet reported on receiving reports (e.g., the end of a reporting period).

AUTHORIZER		EACH TITLE	EACH DATE
Authorized by (signature)	**Authorized by (name)**	**Title**	**Date**

EXAMPLE 2 – FOOD DISPATCHED FROM PORT BUT NOT RECEIVED AT WAREOUSE DURING REPORTING PERIOD - PORT - WAREHOUSE #1 CONSOLIDATION

COMMODITY STATUS REPORT

Month/Quarter: October - December

Check One:

Country X

- [x] **Country Office** (Quarterly)
- [ ] **Regional Office** (Monthly) ____________(location)
- [x] **Warehouse** (Monthly) ______________(location)

Donor CIDA
Date each date

Preparer: each preparer
Title: ______________
Signature: ______________________

	Quantities in Kilograms						
Commodity	**WHEAT**		**WHEAT**		**WHEAT**		**TOTAL**
Unit wt. (kgs)	**50**		**50**		**50**		
A. Physical Inventory at Beginning of Period	0		0		0		0
B. Receipts into Inventory							0
1. Arrivals according to B/L	6000				6000		12000
2. Food delivered by shipping companies and applied to cover previous shortages							0
3. Reimbursements of loans from other organizations			1000		1000		2000
4. Food borrowed from other organizations							0
5. Dispatches from warehouses							0
C. TOTAL RECEIPTS DURING PERIOD	6000	0	1000	0	7000	0	14000
D. Distributions and Dispatches out of Inventory							0
1. PN/NAME: 20			398		398		796
2. PN/NAME: __________							0
3. PN/NAME: __________							0
4. MONETIZATION (Country offices should include consolidated report amount of food turned over to buyers upon its arrival in country.)							0
5. Dispatches to Warehouses	5850						5850
E. TOTAL DISTRIBUTIONS DURING PERIOD	5850	0	398	0	398	0	6646
F. Balance According to Documentation (A + C - E)	150	0	602	0	6602	0	7354
G. Physical Inventory at End of Period	5880		552.5		6432.5		12865
H. Differences between F and G (F - G)	-5730	0	49.5	0	169.5	0	-5511
1. Ocean Freight Losses (marine, port)	109				109		218
2. Internal Losses (warehouse, internal transit)	11		49.5		60.5		121
3. Repayment of Loans from other Organizations							0
4. Loans made to other agencies							0
5. Dispatches from Port Warehouse in transit at close of reporting period	5850						5850
I. TOTAL DIFFERENCES ACCOUNTED FOR (H1_H5)	5970	0	49.5	0	169.5	0	6189
J. Total Differences Unaccounted for ([I+G] - F)	11700	0	0	0	0	0	11700

Physical inventory includes food in customs warehouses, in-country warehouses, in storage by co-sponsors, counterparts distributing agencies and which are in transit in country from ports in internal warehouses or central points which are not yet reported on receiving reports (e.g., the end of a reporting period).

AUTHORIZER		EACH TITLE	EACH DATE
Authorized by (signature)	**Authorized by (name)**	**Title**	**Date**

EXAMPLE 3 – FOOD DISPATCHED AND RECEIVED BY INLAND WAREHOUSES
PORT - WAREHOUSE #1 - WAREHOUSE #2 – CONSOLIDATED

COMMODITY STATUS REPORT

Month/Quarter: October - December

Check One:

Country X

Country Office (Quarterly)
Regional Office (Monthly) ____________(location)
Warehouse (Monthly) ______________(location)

Donor CIDA
Date each date

Preparer: each preparer
Title: ______________
Signature: ______________________

	Quantities in Kilograms						
Commodity	**WHEAT**		**WHEAT**	**WHEAT**		**WHEAT**	**TOTAL**
Unit wt. (kgs)	**50**		**50**	**50**		**50**	
A. Physical Inventory at Beginning of Period	0		0	0		0	0
B. Receipts into Inventory							0
1. Arrivals according to B/L	6000					6000	12000
2. Food delivered by shipping companies and applied to cover previous shortages							0
3. Reimbursements of loans from other organizations			1000			1000	2000
4. Food borrowed from other organizations							0
5. Dispatches from warehouses			5850	2000		7850	15700
C. TOTAL RECEIPTS DURING PERIOD	6000	0	6850	2000	0	14850	29700
D. Distributions and Dispatches out of Inventory							0
1. PN/NAME: ___________________________			398			398	796
2. PN/NAME: ___________________________				400		400	800
3. PN/NAME: ___________________________							0
4. MONETIZATION (Country offices should include consolidated report amount of food turned over to buyers upon its arrival in country.)							0
5. Dispatches to Warehouses	5850		2000			7850	15700
E. TOTAL DISTRIBUTIONS DURING PERIOD	5850	0	2398	400	0	8648	17296
F. Balance According to Documentation (A + C - E)	150	0	4452	1600	0	6202	12404
G. Physical Inventory at End of Period	30		3402.5	1500		4932.5	9865
H. Differences between F and G (F - G)	120	0	1049.5	100	0	1269.5	2539
1. Ocean Freight Losses (marine, port)	109					109	218
2. Internal Losses (warehouse, internal transit)	11		49.5	100		160.5	321
3. Repayment of Loans from other Organizations			1000			1000	2000
4. Loans made to other agencies							0
5. Dispatches from Port Warehouse in transit at close of reporting period							0
I. TOTAL DIFFERENCES ACCOUNTED FOR (H1_H5)	120	0	1049.5	100	0	1269.5	2539
J. Total Differences Unaccounted for ([I+G] - F)	0	0	0	0	0	0	0

Physical inventory includes food in customs warehouses, in-country warehouses, in storage by co-sponsors, counterparts distributing agencies and which are in transit in country from ports in internal warehouses or central points which are not yet reported on receiving reports (e.g., the end of a reporting period).

AUTHORIZER		EACH TITLE	EACH DATE
Authorized by (signature)	**Authorized by (name)**	**Title**	**Date**

B. Quarterly Consolidated Report on Food Resources

In addition to a Commodity Status Report, food or logistics managers in country offices should prepare a Quarterly Consolidated Report for each donor, based on donor approvals for projects, call forwards and information provided from the CSR. This reports summarizes all food receipts, dispatches and losses for each donor by quarter and permits program managers to compare this information against original donor approvals and call forwards.

Example - CIDA approves 2,500 MTs (50,000 bags) of wheat for PN 20 of Country X. Country X has only called forward 300 MTs (6,000 bags) in the October to December Quarter. Information on arrivals in country and distributions is taken from CSR example 2. For consistency, this example will be presented in units. Although submissions of reports should be in kilograms like the CSR.

Consolidated Quarterly Report
(By PN and Donor)

Country: X
Donor: CIDA
PN: 20

Quarter: October - December
Report Date: February 1

	Kgs* (000)	**% of Approval**	**Type of food**	**Type of food**	**Type of food**
Approval	50,000		Wheat		
C/F for quarter	60,000	12			
Balance of approval	44,000	88			
Approval per B/L	6000	12			
Distribution to project sites	398	0.8			
Marine loss	109	0.12			
Internal loss	60.5	0.12			
Total loss	169.5	0.24	0	0	0

Name of Preparer: _______________ Title: Asst. Log. Mgr. Date: February 1
Approved by: ____________________ Title: Logistics Mgr. Date: February 10

*Units are used for this example only.

C. Reporting Periods

CSRs and the Quarterly Consolidated Report for Food Resources should be prepared by the CARE country offices no later than forty-five (45) days after the end of each quarter. Depending on the program, each report may be required more frequently. For example, in emergencies, reports may be required weekly or even daily.

To expedite the country office preparation of the country-wide CSR and the Quarterly Consolidated Report, individual warehouses and regional offices must prepare CSR reports monthly. Reporting periods for the CSR should follow the reporting period used to maintain warehouse inventory ledgers.

D. Filing and Submission

All CSRs and Quarterly Consolidated Reports must be kept on file in warehouses, regional and country offices, and submitted by numbered, transmittal letters to:

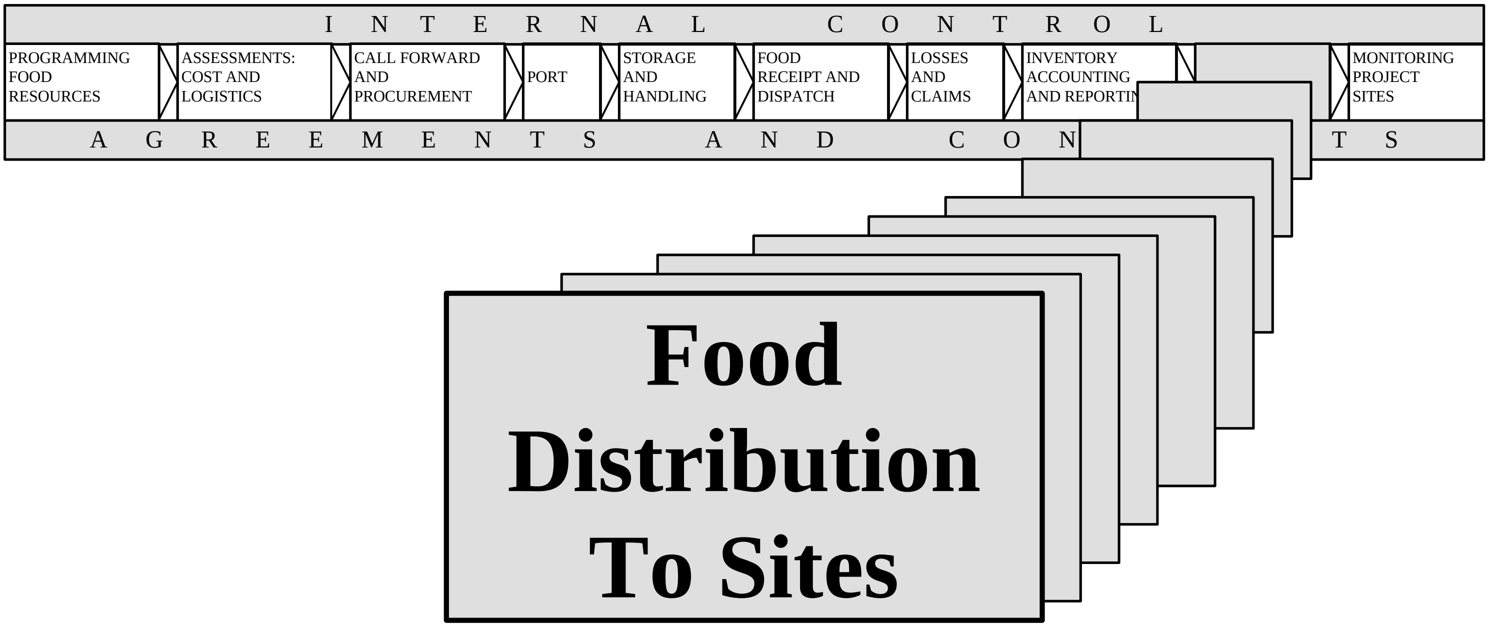
- Regional Managers, CARE USA Headquarters
- Food Security Unit, CARE USA Headquarters
- Headquarters of the CI member who assisted country offices receive food resources from non-US donors
- Donors.

E. Other Reports

The CSR and Quarterly Consolidated Report for Food Resources and the warehouse inventory accounting records and supporting documents described above set out the minimum amount of information necessary for purposes of managing food aid assets. Country offices may develop any other reports. However, before requiring additional reports, consider the following:

- Why is the additional information needed?
- Who will use the new information?
- Can the information be obtained from existing reports/documents or can they be revised to provide the information?

When deciding whether to collect more information, consider whether the costs involved in collecting and providing it exceed the benefits of having the additional information. CARE's main goal should be to implement efficient, cost-effective systems that provide accurate and timely information at the least cost possible.



Food Distribution To Sites

Chapter 11

Click on the title of any section below to view

Whether food is distributed to project sites for distribution of dry (uncooked) rations for beneficiaries or wet (cooked) rations, project managers, food and logistic staff, and warehouse managers and storekeepers must develop plans to distribute food to sites.

I. DETERMINING FOOD REQUIREMENTS

Suppose CARE and a counterpart carry out a mother child feeding program food in three regions of a country. Donated food combined with local food is prepared on site. While this example involves a project to improve the nutritional status of mothers and children, the same types of calculations can apply to food for work and other direct distribution programs.

A. Number of Regions, Sites and Project Beneficiaries

Region	Number of Sites	Total Project Participants
Region 1	400	50,000
Region 2	320	40,000
Region 3	80	10,000
Total	800	100,000

Project participants are children under the age of twelve who receive a daily supplemental food ration six days per week based on nutritional needs.

B. Biweekly Requirements for Beneficiaries

A mix of peas and Wheat Soy Blend (WSB) is distributed. The table below shows the ration size for each beneficiary for a two week daily period. Two weeks are used because storage areas at project sites can only hold enough food to cover two week periods.

Biweekly Food Requirements Per Project Participant

Food	Daily Ration (grams)	Number of Feeding Days in Delivery Cycle	Total Biweekly Requirement per Participant
Peas	200 g	12	2.4 kgs
WSB	200 g	12	2.4 kgs

C. Total Requirements for Beneficiaries in the Regions

To calculate the total requirements for peas for Region 1:

50,000 beneficiaries x 200g x 12 days = total grams ÷ 1000 = 120,000kgs ÷ 1000 = 120MT. Similar calculations can be done for the other regions and the WSB. The table below sets out the total requirements.

Total Requirements for Beneficiaries by Region for Two Weeks

Region	Beneficiaries	Peas (MT)	WSB (MT)	Total MT
1	50,000	120	120	240
2	40,000	96	96	192
3	10,000	24	24	48
Total	100,000	240	240	480

II. DESIGNING A TRANSPORTATION PLAN

A. Program Requirements Based on Ration Size

Once the size of individual food rations and total needs for all beneficiaries are determined, a detailed plan must be developed to dispatch food from warehouses to distribution sites. The plan should take into consideration how much food is to be sent to each center and how often deliveries must be made. See ***Food Receipt and Dispatch*** for basic information on distribution plans and how warehouse managers and storekeepers should keep track of dispatches.

All planning must take into account seasons during a year (e.g., rainy seasons) when regular transport to project sites will be delayed or suspended. In these cases, extra time must be allotted for deliveries or additional food prepositioned at project sites (where there is storage capacity).

Once the total biweekly requirement per project participant is known, the individual requirements for each food distribution site for biweekly deliveries can be calculated. For example, Site 1 in the table below has 100 participants enrolled who will need 240 kg of peas and 240 kgs of wheat/soy every two weeks (the “delivery cycle”). The distribution plan for peas for individual project sites may look something like this. A similar plan would be done for WSB.

Distribution Plan for Peas for MCH Project

Site Name/ ID #	Region	# of Project Participants	# of Feeding Days in Delivery Cycle	Total Food Requirement for Delivery Cycle*	Total Requirement minus excess stock**
Site 1	1	100	12	240 kgs or 4.8 bags	240 kgs or 4.8 bags
Site 2	1	150	12	360 kgs or 7.2 bags	360 kgs or 7.2 bags
Site 3	2	125	12	300 kgs or 6 bags	300 kgs or 6 bags
Site 4	3	150	12	360 kgs or 7.2 bags	360 kgs or 7.2 bags
etc...	etc.....				

*** Another calculation to obtain the food required for the delivery cycle for Site 1 is 200g/person x 12 days x 100 persons = 240,000g/1000 = 240 kgs/50kgs = 4.8 bags**

****If there is any excess stock at the site, based on site reports, the amount on hand should be subtracted from the total food requirement.**

B. Program Requirements Based on Pipeline Analyses

As with call forwards and transfers of food between warehouses, pipeline analyses should be used to determine current project site needs, taking into account food inventories at project site warehouses or stores. The format in ***Call Forward and Procurement*** can be adapted for internal pipeline analyses.

Depending on the nature and scope of the project, pipeline analyses for movements of food from warehouses to distribution sites may be prepared daily, weekly or quarterly. Knowledge about actual stock balances at distribution sites will most accurately inform managers about how much must be moved. However, when there are distance and communication problems between warehouses and distribution sites, managers will likely have to use their best estimates of stock levels to do their analysis.

C. Turn-Around Time (TAT)

If there is only a fixed number of transport vehicles, trucks go to distribution sites and return to warehouses to pick up food for their next trip. CARE or counterpart staff must determine the amount of time it will take trucks to load food, go to one or more sites, and come back to load for their next trip. This is known as the Turn-Around Time (TAT).

Factors to consider in TAT are:

- Distance to the distribution site
- Condition of the roads and bridges, especially during rainy season
- Speed of vehicles
- Loading time at the source
- Unloading time at the destination.

For multiple deliveries TAT should be calculated for each destination.

The example program delivers food to three regions with sites at various distances from the warehouse. Some distribution sites are located within 10 km (Region 3) whereas others are as far as 200 km (Region 1) from the warehouse.

Region 1:

The distance from the warehouse to the distribution sites ranges from 140 to 200 kilometers. Because of the very poor condition of the roads, each truck averages approximately 15 to 20 kph. A half hour is required to load the truck and another half hour required for the unloading at each of the delivery points. It takes between ten and twelve hours to reach a destination and complete unloading at sites in Region 1. It takes another day for the truck to return to the warehouse. The TAT for Region 1 is thus two days.

Region 2:

The distance to the sites from the warehouse is 80-140 kilometers and the roads are in better repair. Trucks can travel at an average speed of 45 kph. Including loading and unloading times, between three and five hours are needed to reach distribution sites. The TAT for Region 2 is thus one day.

Region 3:

The distance is relatively small (10-80 kilometers) and because the sites are closer to urban areas, the roads are in fairly good condition. Trucks are able to travel at an average speed of 50 kph. Sites also tend to be closer together, with fewer numbers of project participants per site. Loading and unloading times are half that of the other regions. The TAT for Region 3 is thus only half a day.

D. Number of Trips

Once the TAT is calculated the next step is to determine the number of trips that can be made during the two week delivery period. In the example, transporters work every day except for Sunday. The number of working days per delivery cycle is 12 (6 days x 2 weeks).

For each destination, divide the number of working days by the Turn-Around-Time.

In the example, the number of feasible trips by region is:

Region 1: 12 operating days ÷ 2 days (TAT) = 6 trips
Region 2: 12 operating days ÷ 1 day (TAT) = 12 trips
Region 3: 12 operating days ÷ .5 day (TAT) = 24 trips.

E. Transport Capacity Required

The following table shows how many MTs per day must be delivered to project sites if all sites are to receive food. For each region divide the total MT by the Trips per Service Cycle to get the Daily Transport Capacity.

Biweekly Distribution Plan for MCH Program

Region	Bene-ficiaries	Peas (MT)	WSB (MT)	Total MT	TAT	Days/ Service Cycle	Trips/ Service Cycle	Daily Transport Capacity Requirement
1	50,000	120	120	240	2 days	12	6	40 MT
2	40,000	96	96	192	1 day	12	12	16 MT
3	10,000	24	24	48	.5 day	12	24	2 MT
Total	100,000	240	240	480				58 MT

The vehicle type and capacity will vary depending on in-country availability. In this example, the country office subcontracts commercial vehicles. Because many of the sites are located in remote areas, short-haul trucks with a capacity of 8 MT will make the majority of the deliveries. Thus for deliveries to Region 1, six short-haul trucks will be needed daily to complete distributions from warehouses to the sites over a two-week period.

F. Number of Sites and Amount of Food That Can be Delivered

Finally, plans must include how much food can be carried and how many sites each truck can reach for each trip.

First determine how many tons of food a truck can carry and how many tons each site needs for a delivery cycle. In this case, the trucks have a capacity of 8 MT, but one MT is subtracted due to poor road conditions. If an average site requires 300 kg of peas and 300 kg of WSB every two weeks, divide the truck’s capacity by the average weight required for each site, e.g., 7 MT capacity divided by 0.6 MT (600kgs) per site = 12 sites. Therefore, a truck can deliver food to 12 sites on average.

Second translate tonnage into bags, and assume donors package pulses and grains into 50 kg bags, and blended foods, such as WSB, into 25 kg. bags. A biweekly requirement of 300 kg of peas and 300 kg of WSB is then 6 bags of peas and 12 bags of WSB for a site. Since each truck can service 12 sites per trip, it will carry 144 bags of WSB and 72 bags of peas per trip.

The distribution plan for one delivery could look something like this:

Date	**Site**	**Peas (kgs)**	**Bags**	**WSB kgs**	**Bags**	**Totals**
Jan 14	1	300 kgs	6 bags	300 kgs	12 bags	
	2					
	3					
	⇓	⇓	⇓	⇓	⇓	
	12					
Totals			72 bags		144 bags	7 MT

Distributions are scheduled so that each delivery arrives at least two weeks before their site-level stocks are expected to end. The distribution schedule is staggered between regions so that all sites do not run out of food at once.

Thus, for example, the distribution cycle for the three regions could be:

- Region 1 receives food on or before January 14 (stocks expected to end on February 1)
- Region 2 receives food on or before February 1 (stocks expected to end on February 15)
- Region 3 receives food on or before February 15 (stocks expected to end on March 1).

III. DISTRIBUTION SITE ACCOUNTABILITY

Internal Control

A paper trail and documentation system must be developed and maintained at distribution sites that accounts for food received, stored and distributed to project beneficiaries. Procedures should be similar to those required for CARE and counterpart warehouses. However, given the small size of many stores, resources available to manage them and their many other responsibilities, country offices must judge how much of an additional burden to place on sites. For example in India and the Philippines, counterparts' primary responsibilities are to run village centers. Their agencies require them to prepare numerous reports in addition to those required by CARE.

A. Receipt of Food

Persons authorized to receive food must physically count the amount delivered, determine its condition, completely fill out the Receipt Information section of the waybill, and sign the waybill with the transporter. Copy #3 of the waybill is kept by the distribution site.

Distribution site staff must fully understand that they are only to sign waybills for the amount of food actually received. The site will be responsible for all food signed for and may be held liable for any losses discovered by field monitors, auditors or other CARE personnel. Distribution sites must provide CARE or counterparts with sample signatures of all those authorized to sign waybills. All waybills must be filed and accessible to monitors on their inspection visits.

B. Ledgers and Beneficiary Lists

Responsible parties at the site must maintain inventory ledgers for stores which show:

- Receipts of food. At the time of receipt, the amount must be immediately recorded into the ledger system. A copy of the waybill must be kept in the center file.
- Distributions from stores. Site staff must keep a record of the amount of food taken from project stores each day of a distribution. If two bags of peas and two bags of WSB are taken from the store for distribution, this should be recorded in the ledger.
- Dates of all transactions
- Losses incurred during storage
- A running balance of food in stock**.** The ledgers must be kept up to date so that the balance in the ledgers always matches the actual amount of food in the store.

Beneficiary lists must be maintained which show dates of disbursements to beneficiaries, the type and actual amounts distributed, and the identity of the recipient by name, family or village.

Amounts taken out of stores on a given day for distribution should reconcile with amount of food shown distributed to beneficiaries. For example, if two bags of peas and two bags WSB were taken from stores for a distribution, then beneficiary lists should show that the equivalent of four bags was distributed. If less was distributed, store records should show the amount returned to the store or a possible loss should be recorded.

The records must be accessible for CARE field monitor and other CARE personnel during visits.

C. Monthly Distribution Site Reports

1. Preparation

Each distribution site must prepare a monthly distribution report. The report should summarize the total amount of food received during the month, the amount distributed from their stores to beneficiaries, physical inventory remaining in stores at the end of the month, and losses, including the disposition of unfit food.

The report should also include information on:

- The planned number of beneficiaries eligible to receive food and the actual number of beneficiaries receiving food
- The total amount of food authorized to be distributed and the actual amount distributed
- The approved individual ration size and the actual ration size distributed.

Copies of waybills, records of receipts and distributions of food from stores and beneficiary lists are source documents for preparing the monthly reports.

Distribution site reports are extremely important for CARE program managers because they provide information on not only what food was received at sites but also actual amounts of food that were distributed to beneficiaries. For example, if Site #1 distributed 2.5kgs/person of CSB to 200 persons, but was only authorized to distribute 2.5kgs/person to 100 persons, managers would be alerted to an important problem.

Monthly distribution site reports should not be based on estimates. Apart from field visits by monitors and other CARE staff, these reports provide country offices with the only information on actual amounts of food reaching beneficiaries.

2. Submission

Reports should be submitted to CARE country or regional offices or counterpart offices, within thirty (30) days after the close of each month. Persons at distribution sites should be advised that failure to submit reports on a regular, timely basis could lead to termination of a program.

For distribution sites located near main transportation routes or near cities with CARE or counterpart offices, there should be little problem getting reports in on time.

CARE or counterpart staff should visit distributions site managers located in rural, isolated areas and get agreement, in writing, on times when sites will submit reports.

IV. REGISTERING BENEFICIARIES

Distributions of food are relatively easy when each site averages only 125 beneficiaries. However, in the early stages of an emergency, conditions can be chaotic and haphazard. Food is distributed to hundreds or thousands of desperately hungry people in a short amount of time, usually in a public setting. However, no matter whether a program operates in a stable environment or an emergency, an effective registration process insures that full rations reach all eligible beneficiaries in an orderly manner.

A. Functions and Responsibilities

A beneficiary registration system has six basic functions:

- Determine who is eligible for assistance
- Identify beneficiaries in a reliable and repeatable way
- Insure that eligible beneficiaries only receive one ration
- Identify duplicate registrations in an existing registered population
- Provide a method of planning for anticipated resource requirements
- Provide information for donor reports.

CARE's responsibilities in the registration process vary depending on agreements with its counterparts and on project objectives. For example, the counterpart may already provide beneficiary lists and have an established registration system. In these cases CARE is responsible only for monitoring and training. In other situations, CARE may be fully responsible for targeting, registering, distributing, and monitoring end-use activities.

Whether CARE is directly or indirectly involved in the physical registration of participants, a poorly functioning registration system can result in large-scale misappropriation of food.

B. Procedures

1. Training and Communication

- Choose and train special registration teams.
- Communicate project objectives and procedures to the target population directly or through community leaders.
- Be sure beneficiaries are aware of the purposes of the program. It may be appropriate to use speaker vans, as well as posters, songs, and radio announcements.

2. Setting Up Operations

- Be sure there are sufficient staff and transport to perform the registration properly and assure good crowd control.
- Use fencing, ditches, or other markers or physical barriers, as necessary, to keep people in one area while registration is taking place. This will minimize confusion during registration of large groups and may insure that no one is registered twice. This is especially important for start-up of emergency programs involving refugees or internally displaced persons in camps.
- Begin the registration process in areas where it is likely to be most successful. Registrations are subsequently extended to more problematic areas after the initial registrations have gone well.

3. Determining Who is Eligible

Within the context of the project, registration should be based on criteria developed by community leaders, counterparts and CARE, which are supported by objective documentation and participant interviews. For example, the major criterion for participation in some child feeding programs is age--children under the age of twelve are eligible participants. Another project may target vulnerable households, with depleted household assets as the major criterion for participation.

Registration may involve collecting the following types of information:

- Documentation such as birth certificates or immunization cards. In many cases, official documentation will not be available.

- Details about the family, such as number and names of family members, name of family head, and relationships among members. Because the term "family" means different things to different people, project management must agree on a standard definition and apply the definition uniformly across the entire population.
- Information about household assets and food consumption patterns.

Registration should rely heavily on interviews with vulnerable populations and local leaders and the observations of experienced field staff.

4. Identification and Recordkeeping

- Cards with photographs are the most definitive check of a person's identity. Identity cards should be pre-numbered sequentially or bar-coded, and filed in a computerized database to facilitate name cross-checking. Cards can include other identifiers such as a physical description or fingerprints.
- If identity cards are not feasible, issue tokens, books or tickets.
- If necessary, beneficiary lists or other records should include how the identity of the recipient was verified (e.g., a fingerprint or signature) on the day of distribution.
- Use skin dyes to mark eligible individuals, if culturally acceptable.
- Hold a detailed interview with each family. Place the interview on file for periodic comparison.
- Update census information regularly with records of births, death and migration. This is necessary for assessing the percentage of population coverage and gathering statistics for planning purposes.

5. Handling Re-registration

- Conduct registration and re-registration simultaneously at all geographically adjacent centers to prevent people from registering in two centers.
- Collect or cancel all previously issued tickets, tokens, books or other types of registration materials during re-registration.
- Check and revalidate existing registration documents before re-registration documentation is issued.

C. Controlling Abuses of the Registration System

1. Types of Abuses

- Multiple registration of family members at one center
- Registration of family members at more than one center
- Inflation of family size
- Registration of non-eligible individuals
- Registration of non-existent or "phantom" families
- Sale of beneficiary documents.

2. Detecting Abuses

- Random checks of households of registered project participants (inspection of dwelling and possessions)
- Random cross-checks of other records, such as medical records or birth certificates
- Interviews with people suspected of being registered more than once
- Comparison with records from other areas to check for duplicate registrations.

3. Preventing Abuses

- In small operations, eligible and ineligible individuals may be identified by sight.
- Roll calls and/or card validation before distributions.
- The beneficiary must leave some sort of receipt at the distribution site after the ration is received, such as a coupon or token. This way the distribution staff can also check who has not yet received the ration, from unpunched cards, tokens or tickets. Fingerprints and signatures are sometimes used for verification of receipt.
- The total amounts of food given out should be compared with the total recorded number of eligible persons collecting the rations.
- If the registration is computerized, cards reported to be stolen must be entered into the system to identify if, when, where and by whom the stolen cards are being used.
- Distributions must also be verified through end-use interviews of a sample of the target population and review of distribution site records by CARE monitors (See ***Monitoring Project Sites***).

Internal Control

One system of preventing abuses is for one distribution staff member to serve a standard sized ration to all beneficiaries while another makes a record of all who have collected the ration. The amounts are tallied and compared to the remaining stock at the end of the day by an independent party. If token or coupons are used, these may also be tallied at the end of the distribution.

D. Special Circumstances During Emergencies

Registering participants in the first month or two of an emergency program may not be possible. Initial constraints on beneficiary registration include:

- A large influx of refugees
- A long border in remote, difficult terrain
- Lack of administrative resources, including staff, vehicles, and communications
- Medical, sanitation, water, and food needs
- Difficulty in locating community leaders to assist in the registration
- Difficulty in communications
- No initial agreements or contracts with the host governments and no mandate for registration to take place.

If a country office is having difficulties in registering a target population, regional managers and the Food Security Unit at CARE USA Headquarters and/or CI Headquarters and/or local representatives of donors must be contacted and informed of the cause of the problems and the steps being taken to register people. CARE should begin registering participants as quickly as possible after the operation begins, before leaders begin to seek personal advantage. The later the registration, the more difficult generating cooperation becomes. Despite difficulties during emergency start up programs, all CARE emergency projects must have registration procedures in place at the end of the first month of operation.

E. Recipient Status Reports - Monthly

1. Preparation

Country or regional offices project managers or other persons must prepare monthly Recipient Status Reports (RSR).

RSRs should be prepared by donor and by specific projects (PNs).

The report consolidates the information from the monthly distribution site reports. If there are regional offices, the regional offices should prepare reports for their regions and these should then be consolidated at the country office level.

In cases where distribution sites send two or three monthly reports together, include all information on the RSR for the current month being prepared. Do not readjust previous RSRs.

2. Example of RSR

The following is an example of a monthly RSR. The Report is adapted from AID's Recipient Status Report for PL 480 Title II food. It is for only one PN and one donor. If there is more than one PN receiving food resources from one or more donors RSRs would have to be done for each PN and donor.

Recipient Status Report

by PN

For Month December

Country Office: X **Donor: U.S. PL480 Title II**

Regional Office: Region 1

Planned days of distribution: 24

					Type of Food				*Type of Food*			
		# Days	Beneficiaries		Total		Individual Ration		Total		Individual Ration	
Site #	Report Date	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
1	JAN	24	125	100	7560	7500	2.5	3.1	7560	4800	2.5	2.0
2	JAN	24	125	145	7500	7500	2.5	2.1	7500	5500	2.5	1.5
3	OCT, NOV	24	100	80	6000	5000	2.5	2.6	6000	5000	2.5	2.5
4	JAN	24	150	150	9000	6000	2.5	1.67	9000	6000	2.5	1.67
5	DEC	24	150	150	9000	9000	2.5	2.5	9000	9000	2.5	2.5
6	JAN	24	100	100	6000	6000	2.5	2.5	6000	6000	2.5	2.5
7	JAN	18	100	70	6000	5040	2.5	4.0	6000	4050	2.5	4.0
8	JAN	24	175	160	10500	9600	2.5	2.5	10500	9600	2.5	2.5
9	OCT, NOV	24	110	110	6600	6600	2.5	2.5	6600	6600	2.5	2.5
10	JAN	24	150	150	9000	9000	2.5	2.5	9000	9000	2.5	2.5
Total (or average)			1285	1215	77160	71240	2.5	2.5	77160	65550	2.5	2.4

Prepared by: Name:__________ Title: Asst. Project Mgr. Date: Feb. 10

Approved by: Name: __________ Title: Project Mgr. Date: Feb. 12

Note: Use additional forms if a PN uses more than two Types of Food.

Recipient Status Report

by PN

For Month _October - December_

Country Office: _X_

Donor: _U.S. PL480 Title II_

Regional Office: _________

						WSB				*Peas*			
		# Days (avg.)		**Beneficiaries**		**Total**		**Individual Ration**		**Total**		**Individual Ration**	
Site #	**Report Date**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**	**Planned**	**Actual**
	10	24	23	1285	1215	77160	71240	2.5	2.6	77160	66550	2.5	2.4
Total (or average)				1285	1215	77160	71240	2.5	2.5	77160	65550	2.5	2.4

Prepared by: Name:__________________ Title: _Asst. Project Mgr._ Date: _Feb. 10__

Approved by: Name: __________________ Title: __Project Mgr.___ Date: _Feb. 12__

Note: Use additional forms if a PN uses more than two Types of Food.

The example shows that on average the approved levels of food are reaching the approved numbers of beneficiaries. From an overall management point of view, the project is going relatively well. However, from the report project managers can see:

- Sites 3 and 9 have been late with their reports.
- Site 4 has given only two thirds of the approved ration.
- Site 2 distributed only 60% of the required ration of peas.
- Site 7 provided food for 18 days instead of 24 and the ration size for both WSB and peas was 60% higher than the approved ration.

Based on this information, managers may ask field monitors to do follow up site visits to answer questions regarding difficulties in submitting site reports, and possible missing shipments or diversions of food.

F. Recipient Status Reports - Quarterly

Country offices must submit a quarterly Recipient Status Report to CARE and donors. See example above. The quarterly report should be completed within 45 days after the end of the quarter, and it should be submitted with the quarterly Commodity Status and Consolidated Reports. See ***Inventory Accounting and Reporting***.

The Monthly RSR provides comparative information for all distribution sites. The Quarterly Reports for CARE and donors should aggregate numbers for all sites by PN. Only totals need to be shown.

Because quarterly RSRs only provide totals by PN, they may hide specific problems at distribution sites. When patterns begin to appear - consistently late reporting, late arrivals of food at sites, or issues around registering beneficiaries - even though the RSRs themselves are positive, country offices should notify regional managers, other CI members and donors of possible problems.

V. PREVENTING MISAPPROPRIATION AND DIVERSION

A. Main Risks of Diversion

The main risks of diversion at the distribution site other than registration abuses described above include:

- Distributors purposely giving less than a prescribed ration to a beneficiary
- Collusion involving site level staff and falsifying distribution records

- Lack of crowd control at the site level
- Favoritism by the distributor. Some distributors give better quality sections of fish or meat to family members and acquaintances.
- Receipt of underweight bags from either the main warehouse or the transporter which do not show up as underweight until the time of distribution. The result of this can be reduced ration sizes to beneficiaries.

B. Transport and Delivery

- CARE must encourage sites to report any irregularities in the quality or quantity of food received. All problems should be investigated as soon as possible. If informants are providing information, all measures must be taken to assure that their information is accurate. Steps must also be taken to protect and reward them.
- If collusion is suspected among the transporter and personnel at a distribution center, an outside monitor should spot-check by counting a sample of the food while in transit. If the problem appears widespread, the random spot-checks should be part of a country office's regular monitoring plan.

C. Agreements/Sanctions

- CARE should have written agreements with sites which specify contractual obligations and penalties, including repayment of the value of losses for criminal activities, misconduct and/or mismanagement. (See ***Agreements and Contracts.***)
- When distribution site personnel are not carrying out their responsibilities or sites are performing inadequately, sanctions should be imposed, as soon as practicable, against the distribution site. Sanctions may act as a credible deterrent and show that CARE is serious about its responsibilities to beneficiaries.

D. Ration Size and Quality

- Provide standardized scoops (tin cans, buckets) to measure out rations and train people to use them properly. Flexible scoops should be avoided as the sides can be squeezed to reduce the ration. Horizontal slits are sometimes punched into the scoops at the fill line to prevent over-scooping.

- If local measurements are commonly used and understood, the metric ration should be converted. For example, the common units of food measurement in Haiti are the marmite and the kola bottle. The following table provides the conversion rates of these local measurements into kilograms:

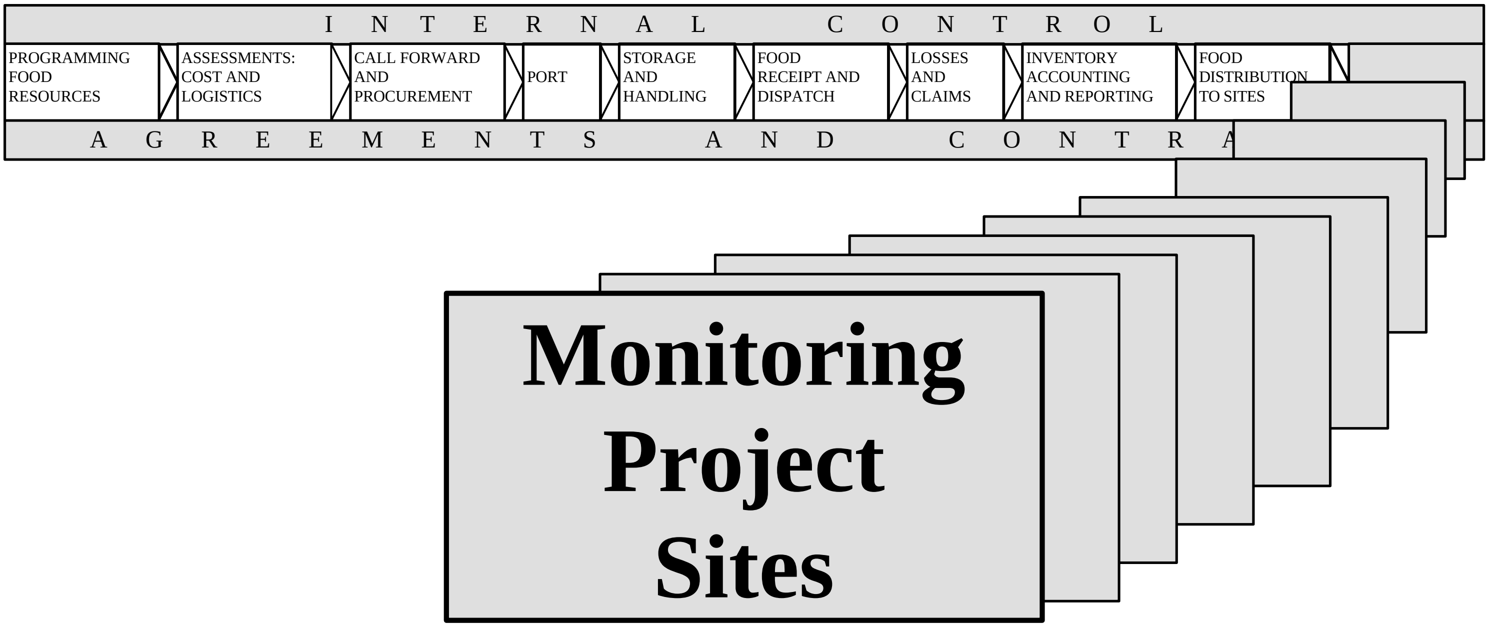
Local Measures Conversion Table (Haiti)

Commodity	Unit	Kg/Unit	Local Unit	Kg/Marmite
Soy-fortified bulgar	sack	50	20 marmites	2.5
Wheat-soy blend	sack	25	13 marmites	1.92
Peas	sack	50	18 marmites	2.78
Oil	gallon	3.48	10 kolas	.34

- If the ration size changes frequently, scales may be more practical than scoops.
- If scales are too time consuming and cumbersome, rations can be pre-measured and pre-packaged at the warehouse for distribution to the sites.
- If meats are part of the ration, remove ice and make uniform cuts before distribution.
- Sacks and oil cartons should be examined to insure that they are completely empty at the end of the distribution.

E. Communication

- The project objectives and ration size must be communicated by speaker vans, posters, songs and radio announcements to the target population to insure that they are aware of the amounts they are entitled to receive and how the food is intended to benefit their lives.
- If the ration changes as a result of shortages in the food pipeline, recipients must be told the reason for the changes in the system. Misunderstandings can lead to serious security problems, particularly in emergency situations and in refugee camps. CARE staff must also clearly communicate what the population can expect in the future.



Monitoring Project Sites

Chapter 12

Click on the title of any section below to view

I. SITE MONITORING

A. Reasons for Distribution Site Monitoring

Two types of monitoring generally take place for all projects: impact and systems monitoring. Monitoring for impact involves the tracking of project-specific variables directly related to final objectives, such as nutritional status, consumption patterns and household income. CARE and donors want to know who is receiving benefits from the program, in what way and to what degree relative to the costs involved, and why the program is or is not having the intended impact. This type of evaluation requires baseline information.

This manual focuses on monitoring systems of food management, by reviewing internal controls and verifying the documentation for individual transactions. This information relates to management of assets and compliance with donor regulations.

The monitoring process seeks to reduce the risk that registered beneficiaries are not receiving their intended rations and that systems are not operating.

Monitoring data should satisfy management information needs covering receipt, storage and distribution of food. Monitoring should:

- Verify that registered beneficiaries are receiving the intended quantity and quality of food.
- Determine if distribution staff are following procedures as stipulated in agreements.
- Determine if control procedures are adequate at each stage of the distribution to prevent corruption and misappropriation.
- Determine losses and actions taken on a timely basis to pursue claims against responsible parties.
- Provide project management with suggestions to improve procedures.
- Verify amounts of food in possession of counterparts by reconciling stock records and physical inventories.

CARE often provides support to on-going government or other counterpart programs by procuring food, arranging for transport and delivery of food, and providing advisory or technical support to the counterpart’s program activities. Counterparts often manage all other aspects of project implementation, including food handling and distribution activities.

Whether or not CARE directly implements a program, effective monitoring systems and procedures must be in place for any program using food resources.

In developing monitoring systems, refer to the CARE Program Manual Chapter Five - Monitoring and Evaluation and the Data Collection Handbook: Tools for Evaluation, March 1991, and more specifically to the Food Security Unit's (formerly Food Program Unit) Evaluation Module, March 1993.

B. Ways of Collecting Information

Information about systems at the site level is collected in several ways. First, there is required reporting based on recordkeeping. Project management may require all sites to submit daily, weekly, monthly or quarterly reports. Regular site reports are the main source of information regarding total amount of food received and distributed to beneficiaries, inventories in storage sites, extent of losses, adequacy of food management systems, staff training needs, and the number of project beneficiaries. Second, there are site visits to improve performance of sites not operating adequately. The visits, regardless of the information produced, have a positive impact on site management. Third, and the focus of this chapter, is monitoring a sample of sites, based on mathematical laws of probability which state that a small number of sites randomly selected from all the sites will demonstrate the characteristics of the whole. The goal of statistical sampling is to achieve maximum objectivity, representativeness and efficiency.

C. Use of Information

Aggregate information collected from the regular site reports is compared with information drawn from the monitoring sample. If the sample is reliable, discrepancies between the two could indicate serious control problems at the site level. For example, every month 95% of the sites may report that they distribute the full authorized ration to the precise number of authorized beneficiaries. Monitoring reports, however, show that 85% of the sites visited are serving an average of 50% more beneficiaries than authorized or reported. There is clearly a widespread distortion between the site reports and the monitoring reports.

Comparative analysis has both programmatic and administrative implications; the under-reporting or over-reporting of beneficiaries may require a change in the number of sites, better targeting and registration, change in planning of allocations , different types of foods, or adjustments in distribution mode to insure that the target population receives the intended ration.

If the center reports do not match the monitoring reports, possible causes of the discrepancies include:

- Misappropriation
- Lack of training
- Poorly designed reporting formats
- Fear of site personnel to report honestly and freely on distribution activities/problems
- Collusion involving transporters and individual(s) responsible for receipt at the center
- Receipt of short-weight deliveries from CARE warehouses or transporters.

Project managers, Food and Logistics staff and others in country offices must regularly review and compare distribution site reports with information received during visits by field monitors to determine whether there are discrepancies.

II. SAMPLING

All sites are monitored only when the number is very small. In most cases, conclusions extrapolated from visits to a sample of sites can be used to the validate the accuracy of the information provided by the site reports. Statistical sampling attempts to strike a balance between the implausibility of completely examining the performance and transactions of all sites on one hand and the selection of a sample where the margin of error is within an acceptable range on the other hand. It is important that sample sites are selected from the master list of approved distribution sites and that sites are selected in such a way that every site has an equal chance of being selected.

A. Types of Statistical Sampling

The following general information and suggestions on selecting sample sizes, choosing a methodology and interpreting data can be augmented by further assistance from regional managers, Technical Assistance Group, CARE's Internal Audit Department and other consultants.

Country offices must reach agreement with local donor representatives on methods of sampling, selecting sample sizes and interpreting data.

1. Unrestricted Random Sampling

This method assumes that each site has an equal chance of being part of the sample selected. Make a list of all project sites, perhaps by alphabetical order. Every project site is given a number. Once the total number of sites is known, decide how many sites are required for the sample (see ***Selecting***

the Sample Size below). Use a table of random numbers to decide which site is selected first and the pattern for selecting sites thereafter. For instance, the table might tell you to start with Site #4 and select every 6th site after that until a sample of 20 sites has been selected.

Random sampling isn't always the most convenient method of choosing a sample. If there are many, many sites and the number of sites selected is small, the random method will almost always produce a sample across many different regions and terrain. It may not be physically possible, given the number of monitors, vehicles and fuel available to visit all the randomly selected sites in a prescribed time frame. For example, it is unrealistic to expect a monitor to witness distributions at two sites per day if s/he must travel hundreds of miles by motor bike or public transportation. Other types of sampling, such as stratified random or systematic may be more appropriate.

2. Stratified Random Sampling

This method of sampling is sometimes used if there are wide variations in site performance within a certain geographic location or type of distribution site (i. e., health centers or schools). All the sites are grouped into segments, each having some uniform, easily identifiable characteristics. Each segment is sampled separately using unrestricted random sampling methods. For instance, there might be a sample taken of all the school distribution sites and another sample taken of all the health centers. Within the segment, each site must have the same probability of being selected as any other site. At the end of the examination of each segment, the results from all segments are jointly evaluated.

3. Systematic Sampling

In systematic sampling, the selection plan is established by selecting a random start and setting a sampling interval that would result in choosing a previously specified sample size. For example, the third site on the list may be the first site monitored and thereafter every tenth site will be included in the sample.

B. Interpreting Statistical Data

1. Precision

Project management must draw conclusions from the results of the sample. Because the sample may not show the true characteristics of the entire population of sites, a certain risk is involved in all samples. It is possible to quantify how much variation to expect as a result of errors under certain conditions, e.g., ± 2%.

2. Margin of Error

There are two types of error: sampling and non-sampling error. Non-sampling errors include listing errors and omission, response and measurement errors, errors of coding and data entry. Sampling error refers to errors that are attributable to the fact that the estimates are being made from the sample rather than testing the entire universe.

3. Confidence Level

This has to do with the percentage chance of drawing a correct conclusion from the sample. For example, a 95% confidence level means that there is a 95% chance that the true value of whatever is being measured lies within the specified precision. In other words, there is a 5% chance that the true value for the population does not lie within the specified precision. Usually a larger sample size will result in a higher confidence level.

C. Selecting the Sample Size

There are a number of factors to consider when determining an adequate sample size.

First is a determination of the number of variables or factors which are expected to have a significant influence on systems management. Variables may include:

- Available staff and support infrastructure (health posts vs. health centers)
- Accessibility of site to supervision and supplies (urban vs. rural)
- Type of institution (private vs. public, MCH vs. school feeding, community based or government)
- Size of catchment area, i.e., geographical area and population served by the site
- Amount of food and other resources being used in a project
- Estimated amount of loss or current inventory in sites.

The actual number of sample sites to select will depend on what is being measured.

1. Estimating Values

If information on the actual amount of loss or inventory is required, sample sizes may be developed using the table below. Determination of this sample size is based on the general rule that the sample size must be high enough to allow for representation of each value to be estimated.

Sampling Guidance

Number of sites in the project	Number of sites in the sample
Up to 10	Each site
11- 100	10 drawn at random
More than 100	The square root (approximately) of the total number of sites drawn at random according to a suitable scheme.

Adapted from Table 10, Food Storage Manual, World Food Programme, 1992. Note that the sampling fraction varies with the population. For example, if there are 10 sites, all ten sites or 100% of the sites should be monitored. For 25 sites, 5 sites or 20% of the sites should be monitored. For 100, 10% of the sites, and so on.

2. Attributes Sampling

Attributes sampling is a method used to estimate the proportion of specific attributes in a population. This proportion is called the occurrence rate and is the ratio of the attributes to the total number of the population. For example, country offices may be interested in knowing the percentage of centers complying with reporting requirements. Attributes samples vary only slightly with population size. For example, the sample size for a population of 500 is almost the same as the sample size for a population of 2000.

This distinction is important because it may determine just how large a sample size must be drawn. If there are specific needs to look at, such as the actual size of a loss or the amount of damaged food shipped to centers, the total number of centers must be taken into account. On the other hand, for attributes sampling, a smaller sample size can provide managers with sufficient information to make informed decisions about how well distribution sites are complying with reporting requirements.

D. Cost Effectiveness

Early in the development of monitoring systems, country offices must consider the practical questions about the cost of monitoring activities including the time and travel of staff and staff support. Consideration must be given to:

- Salaries and other personnel costs - program management, field staff, clerical and consultants
- Travel

- Office rent in the field
- Vehicle purchases and maintenance
- Supplies and equipment
- Administration - printing, postage, telephone
- Other costs - overhead.

Country offices must assure themselves that sample sizes are not larger than they can afford. If country offices do not have adequate personnel and resources to monitor the sample size required to insure a 95% confidence level, a lower confidence level, such as 80%, may have to be set. In these cases, country offices should inform regional managers and reach agreement with local donor representatives to assure that donor requirements on monitoring and sampling are satisfied.

III. USING FIELD MONITORS

Monitors' recommendations may be the best method of determining the exact causes of problems and the steps needed to overcome site-level difficulties.

A. Role of Field Monitors

Monitors must monitor compliance with CARE and donor program requirements and accountability standards. In order to maintain objectivity, monitors should not be the same people responsible for management or supervision.

Field monitors must be trained in the following areas:

- Principles of internal control
- Basic food inventory accounting
- How to do physical counts of inventory in stock, proper warehouse and storage practices
- Monitoring dispatch/distribution systems, and reviewing beneficiary records
- How to detect the possibility of fraud and theft
- How and when to fill in basic food control forms
- Crowd control guidance
- Sampling of sites for inspection
- Sampling of food packages to assess quality
- Sampling of documentation for review
- Observation of actual distribution of food, such as scooping procedures and measures.

Before field visits, monitors should review site reports, information on food dispatches, and previous monitoring reports. Where practicable, monitors should take previous monitoring reports with them when they visit sites.

B. Monitoring the Monitors

The performance of monitoring staff should also be examined by the project management. If one monitor or group of monitors under a particular supervisor continually submits reports that are inconsistent with the other sites' performances, there may be a problem with training of the monitors or collusion. For example, if one monitor reports 100% of sample sites had monitoring reports that were 99% accurate, but all other monitors reported accuracy percentages of 75% - 80%, the problem may be with the monitor and should be investigated.

Some ways to prevent distortion in site reporting include:

- Provide monitors with standardized formats.
- Establish a schedule of surprise visits by project managers or others.
- No person monitors the same center consecutively. Check the names of those who performed the last two monitorings and the results of these monitorings.
- Advise monitoring as late as possible about the sites on their visitation schedule.

Monitors must be closely supervised and a sample of their reports periodically re-validated by supervisory personnel. Project managers should assess monitoring programs and their coverage on a regular basis. Special attention should be paid to each monitor's findings and recommendations for distribution sites and the steps site personnel have taken to address problems. Programs may consider developing a spreadsheet or large wall chart with the name of each site, problems identified, and actions taken to correct problems, with dates.

IV. INFORMATION TO BE COLLECTED

A. Developing a Data Collection Plan

The plan should be designed in the field and reflect the cultural differences, program objectives and operating conditions that have an impact on local management "realities."

1. Determine Objectives

This has to do with how the information is to be used and by whom. Data has no intrinsic value unless it can be used to achieve some end. Do not collect data without specifying the action system it will serve. If people keep reporting information and never see any results, they will begin to lose trust.

2. Determine the Data to be Collected and the Format

The important test questions are:

- How is the data to be used?
- When is it needed?
- What level of detail is needed?
- What format is most useful for presentation?

Monitors should have a standardized CARE format to capture all necessary information. Suggestions are provided below. The information should be mostly objective and easily quantifiable, such as physical counts, document verification, the absence or presence of storage and distribution materials. Monitoring staff should not be required to perform complex calculations, since errors could lead to information distortions.

Some subjective observations and recommendations are an important link for project management to field conditions and operations, and space for such should be provided on standard formats. However, subjective data should be limited to the degree possible.

Examples of Subjective and Objective Questions

Subjective	**Objective**
Is the storage area clean?	• Is there visible rodent excrement on the floor or bags? • Are there flying insects or insects outside or inside of bags? • Are there damaged or torn sacks? • Are there evidences of garbage?
Is the food properly stacked?	• Are pallets used? • Are the stacks interlaced or bonded? • Is there distance between the stacks and walls and other stacks?

3. Select the Sample Sites

- Map the location and number of the sites
- Set up the monitors' schedule.

4. Collect the Data

- A representative sample of the waybills should be checked against inventory ledgers showing receipts and dispatches. The current balance shown in the inventory ledgers should be validated by a physical count of food in the warehouse.
- The quantities of food actually received (as counted/weighed by the receiving site) should be compared to the quantities on the waybills and discrepancies noted.
- Food removed from inventory as “unfit for human consumption” or “stolen” must be validated by examination of the loss reports and documents showing destruction of food. If any of the documents are considered to be suspect, the monitor must contact the issuing authorities to verify the documents.

Field monitors must be able to trace all transactions of food movement from primary and secondary warehouses to the beneficiaries, and validate documented information on distributions, inventory, accounting, and the identity and eligibility of recipients. Monitors must periodically witness actual food distributions for propriety, actual ration size distributed and inspection of storage areas.

5. Summarize the Data

Determine the percentage of sites that are operating acceptably and the percentage operating unacceptably, according to the sample.

6. Look for Relationships and Differences

Compare the results of the sample with the data from regular site reporting. Look for discrepancies.

B. Suggested Information to Collect

1. General Information

- Project name and number
- Type of program: (such as school feeding, MCH, FFW, general distribution)
- Date of visit
- Site address and/or code
- Name of institution
- Province, district or community
- Name of person(s) in charge

- Name of person(s) authorized to receive food
- Date of site agreement
- Date center opened
- Date of last monitoring visit
- Is this a (circle one): regular visit/follow-up visit
- Was a distribution observed?

2. Project Participants

a. Beneficiary Records

- Number of participants registered to receive food
- Number of participants listed as having received food for a sample of five days since the last visit
- Difference between the two. (In reality there will always be differences between registered numbers and numbers actually receiving food.)
- If great differences are found, expand the sample to 20 days.

b. Beneficiary Interviews

Whenever possible, monitors should select a sample of beneficiaries to interview. The following are some questions that monitors can ask:

- Their names (Confirm that the names actually match those of approved beneficiaries.)
- Whether they visited the project site during the last distribution
- Whether they received food during the distribution period
- Whether the food they received was the usual amount
- Whether they have an individual ration card or other card
- Whether ration card is filled in.

c. Interviews with Distribution Staff

- Is there up-to-date information from CARE or counterparts on distribution schedules and ration sizes? If so, look at documentation.
- Does food arrive on a timely basis? Are there missed or late deliveries? Look at documentation.
- Have days for food distributions been canceled?
- Amount of food missed or late
- Are distributions reaching approved beneficiary levels?

d. Ration Sizes

The following questions can be included on a monitoring form.

Food Information	Beans	Peas	Wheat
a. The quantity of food distributed on the day of the inspection.			
b. The quantity of food that the site is authorized to distribute			
c. The difference between **a**. and **b**.			
d. Percentage of difference between a. and b.			
e. The number of people at the distribution site on the day of the visit.			
f. Average ration size per beneficiary (line **a.** divided by line **e.**)			
g. The approved ration size per individual			
h. Percentage of difference between f. and g.			

3. Center Management

a. Ledger Review

Identify distribution days from the records and confirm through interviews with beneficiaries that feeding actually occurred.

b. Inventory Records

Commodity Information	Beans	Peas	Wheat,
a. Balance from last inspection physical count			
b. Quantity of food delivered to the center since the last inspection (from waybills received since last inspection)			
c. Total amount of losses (itemize by type of loss) **-** for example, Stolen Wet Infested			
d. Total amount of food available for distribution (lines a+b-c)			
e. Total amount of food distributed since the last inspection according to site records			
f. Total quantity remaining (lines d-e)			
g. Physical inventory to the nearest quarter bag or nearest half can			
h. Inventory per center records			
i. Difference between physical inventory and center's records (lines **f-g**)			

Field monitors should get the signature of the person responsible for the distribution site indicating agreement with the physical inventory.

c. Center Documentation

- Are copies of all receiving waybills on file and accessible for inspection?
- Are all copies of the site’s monthly reports on file and accessible for inspection?
- Is the site ledger up-to-date?

d. Storage Site

- Is there ventilation?
- Are the roof, walls and doors structurally sound?
- Is the food stored in a secure area with restricted access?
- Is there a key to the warehouse?
- Are the persons responsible for authorizing and recording dispatches different from the person holding keys to the warehouse?
- Is area free from visible rodent excrement on the floor or bags?
- Is the area free from insects (flying, inside or outside bags)?
- Are all sacks in sound condition (not damaged or torn)?
- Is the area free from garbage?
- Are pallets used?
- Are the stacks interlaced or bonded?
- Is there sufficient space between the stacks and walls and other stacks?

e. Sale/Disposition of Containers

- If sites are selling or giving away empty bags or containers, are they following CARE procedures?
- If bags or containers are being sold, how much money is being collected, how is it being recorded, what is being done with the money, are reports going to CARE?

V. MONITORING REPORTS

Results from monitoring visits should be summarized in a standardized monitoring report. The reports should kept on file and made available to counterparts and donors as required.

A. Information in Reports

1. General Site Information

- Project name and number
- The names and/or identification number of all sites that were visited
- Location of sites monitored
- Date of previous site visit
- Average interval between monitoring visits

2. Project Participants

- The difference between approved number of beneficiaries and actual attendance, according to distribution site records
- All centers that had at least one participant/beneficiary on the attendance record who could not be verified or who responded to interviews in such a way that the validity of the center's attendance records is in doubt
- If distributions were taking place during visits, the percentage difference between the approved number of beneficiaries and the number counted by the monitor. Reasons for any differences should also be noted.

3. Distribution Site Management

- All sites by percentage difference in inventory balances (ledger balances minus physical counts)
- All sites that had at least one deficiency in the storage area
- All sites by percentage difference between the actual ration distributed and the approved ration for distribution. (This can depend on whether the site takes attendance, how the food is distributed, and the amount of food on hand to distribute.)
- All sites that could not distribute food because of late or missed deliveries, by location

4. Recommendations

Increasing or decreasing the amount of food provided to each site, a review of past problem areas, progress on implementing previous recommendations and any recommendations for imposing sanctions.

B. Scoring and Follow-up

To assist in the management of distribution sites and determine which sites are operating more effectively than others, country offices should establish standards of operating acceptability with counterparts. A rating system can be adopted which summarizes the performance of the center, based on the monitor’s examination and the adequacy of the site’s reports. For example, criteria could be established for five categories, ranging from “very good" rating to "very inadequate".

- **Very Good** = (letter of congratulations from CARE)
- **Good** = (letter of congratulations from CARE)
- **Adequate** = (additional training)
- **Inadequate** = (training, warning and follow-up visit)
- **Very Inadequate** = (suspension or de-selection)

While random sampling of sites will still be required to monitor activities at distribution sites, establishing a rating system such as above may help country offices more efficiently target resources for sites with problemsor make decisions to terminate activities.

Acronyms

ACRONYMS

AER	- Annual Estimate of Requirements
AID	- United States Agency for International Development
AIDAB	- Australian International Development Assistance Bureau
B/L	- Bill of Lading
BGA	- Budget and Grants Administration
CCC	- Commodity Credit Corporation
CEC	- Commission of the European Community
CFGB	- Canadian Food Grain Bank
CI	- Care International
CSB	- Corn Soy Blend
CSR	- Commodity Status Report
DPP	- Development Project Proposal
EC	- European Community
ECHO	- European Community Humanitarian Office
ETA	- Estimated Time of Arrival
EU	- European Union
FAO	- Food and Agriculture Organization
FFP	- Food for Peace
FFW	- Food for Work
FSU	- Food Security Unit
FY	- Fiscal Year
IAD	- Internal Audit Department
IHA	- International Humanitarian Assistance
ITSH	- Internal Transport, Storage and Handling
MACO	- Management Assessment for Country Offices
MCH	- Mother child health
NGO	- Non-governmental Organization
ODA	- Office of Development Assistance
OFDA	- Office of Foreign Disaster Assistance
OMB	- Office of Management and Budget
PN	- Project Number
PRO	- Protracted Refugee Operation
PVO	- Private Voluntary Organization
RMG	- Regional Management Group
RMU	- Regional Management Unit
RSR	- Recipient Status Report
TAT	- Turn around Time
UNHCR	- United Nations High Commission for Refugees
USAID	- United States Agency for International Development
USDA	- United States Department of Agriculture
USG	- United States Government
WFP	- World Food Program
WSB	- Wheat Soy Blend

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Attachments

PERIODIC EXPENSES	**Units**	**PVO**	**AID/Host Gov.**	**NGO Counterpart**
TRAINING	*Avg.* [1]			
Seminars[2]				
Training Food Distributors				
Outside-schooling				
Other/specifiy				
Total TRAINING:			0	

CAPITAL GOODS EXPENSES	**Units**	**PVO**	**AID/Host Gov.**	**NGO Counterpart**
CAPITAL [3]	*SHARE* [4]			
Trucks				
Cars				
Computers				
Software				
Typewriters				
Equipment				
Furniture				
Office Buildings Constructed				
Warehouses Constructed				
Pallets				
Distribution Center Utensils, Measuring Devices, Cups…				
Education Materials				
Other/specify				
Total CAPITAL:			0	

1 If training costs are bunched together just once every couple of years, the try to divide them across that number of years so that each year has a representative average.
2 Include the fees of outside consultants.
3 Capital refers to long-term purchases. Again, the goal is to estimate the average expense per year. Therefore, if possible, divide the purchase of the capital item (using its current dollar price) by the number of years of its anticipated lifetime of use. Alternately, it is reasonable to estimate the yearly cost of the item by simply finding out the current rental price for the item on the local market.
4 Again, note the share of the items importance to the food-specific activities of the program. Use this fraction when estimating the relevant expenditure for items shared between projects.

RECURRING COSTS	**Units**	**PVO**	**AID/Host Gov.**[16]	**NGO Counterpart**
PORT CLEARING & TRANSPORT	*RATE:*			
Port Fees, Taxes				
Clearing Fees				
Port Storage				
Rail Fees				
Barge, Waterway				
Truck Contract[6]				
Fuel[7]				
Fleet Insurance				
Fleet Parts				
Other/specifiy				
Total PORT/TRANSPORT:			0	

5 Ignore A.I.D.-arranged transport overland up to landlocked countries. A.I.D. may directly contract the port surveyor or negotiate clearing fees. Include these expenses as best you can. In several countries the Host Government provides rail transport. Estimate its value in terms of the expenses this spares you.

6 Often private transporters are contracted for large-scale transport. This expense subsumes their attendant fuel, insurance costs, etc.

7 Even where the PVO contracts out for much transport, three are still local, pickup truck scale costs. These should be included here.

RECURRING COSTS	Units	PVO	AID/Host Gov.	NGO Counterpart[8]
RENT, UTILITIES	*SHARE*[9]			
Central Office Rent				
Local Office Rent				
Postage				
Telex, E-Mail				
Printing				
Telephone				
Central Warehouse Rent[10]				
Local Warehouse Rent[11]				
Stationary, Ledgers				
Bagging Materials				
Fumigation				
Distribution Centers Rent				
Forms/Waybills				
Utilities				
Maintenance				
Repair (Warehouses & Offices)				
Other/specify				
Total RENT/UTILITIES:			0	

8 Indigenous organizations with whom you work should be included if they are part of the food distribution network. Try to include their day-to-day incidental costs.

9 This is extremely important. Most of the recurring costs support both food and non-food activities. It is important at least to estimate what share of expenses are related exclusively to the food distribution effort. In this column note what portion (.3? .5? .75?) of the annual expenses should be attributed to the food activities but not to complementary activities or other NGO projects unrelated to food.

10 Do not double count expenses already recorded under port storage.

11 Note the number of warehouses.

STAFF EXPENSES	Units	PVO	AID/Host Gov.	NGO Counterpart
FRINGES & BENEFITS	*/Yr.* [12]			
Severance				
Pensions				
Housing				
Allowances				
Insurance				
Other Benefits				
Other/specify:				
(Benfits summed)				
Total SALARIES & FRINGE: [13]			0	

TRAVEL[14]				
Internal Trips (air)				
Internal Trips (land)[15]				
Fuel				
Vehicle Insurance				
Parts/Lubricants				
Maintenance Labor				
Per Diems				
Other/specify				
Total TRAVEL:			0	

12 Remember that the values recorded in this section as well as the others are for annual tools, not monthly outlays. It is probably not useful to record anything in this (units) column.
13 Add the totals here to the salaries totals on the previous page.
14 This section relates solely to the travel of personnel and equipment; commodity transport is recorded in another section. Include travel expenses of full-time staff as well as HQ visitors, monitors, consultants, etc.
15 Includes fees, bus fares, boat rentals, etc.

STAFF EXPENSES	Units	PVO	AID/Host Gov.[16]	NGO Counterpart[8]
SALARIES	*FTE* [17]			
Country Director[18]				
Project Manager				
Commodities Manager				
Commodities Officers				
Transport Officers				
Port Officer/Surveyor				
Central Warehouse Rent[10]				
Secretaries[19]				
Accountant				
Bookkeeper				
Auditors[20]				
Distribution Staff[21]				
Warehouse Managers[22]				
Guards				
Office Drivers				
Food Truck Drivers				
Vehicle Maintenance				
Casual Labor				
Other/specify				
(Column Sums)-			0	0

16 This column should record contributions either in cash or in-kind by either the U.S. Government (e.g. AID, CCC) or by the host government. For in-kind contributions, please make the best possible estimate of the dollar value.

17 Please note the number of full-time equivalents working in each category. This, multiplied by the mean salaries, gives the total expense. Record the sum of the portions of full-time staff devoted specifically to making the food program function, not for complementary activities.

18 For example, if there is one Country Director who spends 40% of his/her time administering the food programs, then the total FTE is .4.

19 If, for instance, there are 2 secretaries who work full-time on food programs, plus another 10 who work half-time on food programs, then the FTE is 7.0.

20 This may include full-time field monitors, or occasional preofessional auditors.

21 Remember that the goal is to capture the efforts of all persons working on the food program. This includes counterpart staff and the FTEs of professionals who spend part-time monitoring distributions.

22 Remember to include staff at each warehouse, both central and at the feeding sites.

Attachment taken from Food Aid Management, *Food Aid Briefing, Preparation of MYOP*, Washington, D.C. , November 1993

Attachment 6

Exh E-2 HB 9
(TM 9:6) PAGE OF

TITLE II, PL 480 COMMODITIES
ANNUAL ESTIMATE OF REQUIREMENTS — FY
(See reverse for instructions)

FORM APPROVED
O.M.B. NO. 24-R0051

1. COUNTRY

2. COOPERATING SPONSOR

3. RECIPIENT CATEGORIES	3a. NUMBER FEEDING DAYS PER MO.	4. NUMBER OF RECIPIENTS	5. NUMBER MONTHS OPERATING	5a. NUMBER DISTRIBUTED PER YEAR	6. a.			a.			a.			a. PROPOSED DISTRIBUTION		
					b. NUMBER RECIPIENTS	c. RATE KGS	d. METRIC TONS	b. NUMBER RECIPIENTS	c. RATE KGS	d. METRIC TONS	b. NUMBER RECIPIENTS	c. RATE KGS	d. METRIC TONS	b. NUMBER RECIPIENTS	c. RATE KGS	d. METRIC TONS
Maternal Child Health-Mother	30															
Maternal Child Health-Child	30															
Preschool Child Feeding	25															
Other Child Feeding	30															
Other Child Feeding	25															
School Feeding	20															
Food for Work-Workers	30															
Food for Work-Dependents	30															
Other																
7. TOTAL RECIPIENTS		0			0			0			0			0		
8. TOTAL REQUIREMENTS FOR FY							0			0			0			0

ADJUSTED REQUIREMENTS FOR SHIPMENT (METRIC TONS)				
9. Quantity on Hand September 30				
10. Quantity Received October 1 through February 28	0	0	0	0
10a. From Prior Year Approval				
10b. From Current Year Approval				
11. Quantity on Hand February 28				
12. Quantity Due or Received for Current FY Program After February 19				
13. Total Line 11 Plus Line 12	0	0	0	0
14. Projected Distribution March 1 through September 30				
15. Estimated Inventory, September 30	0	0	0	0
16. Desired Operating Reserve				
17. Adjusted Total Requirements FY	0	0	0	0

CLEARANCES	SIGNATURE	TITLE	DATE
18. Submitted by (Field Representative)			
19. Reviewed and Recommended by US AID or Embassy:			
20. Cooperating Sponsor Approval			
21. ISC/AID - Washington Approval			

AID 1550-3 (1-77)

Project Design & Evaluation — Procurement — Shipping — Internal transport, Storage & Handling — Distribution & Consumption

Project Design: Weighing Procurement and Shipping Factors in the Planning Process

When designing a project, many United States Private Voluntary Organizations (PVOs) tend to focus on the end uses of food aid. One way to make better use of food aid resources is to ensure that procurement and shipping factors are also taken into consideration during program design. These factors include timing of commodity purchase, packaging, freight rates and cargo size.

Timing of commodity purchase

Commodity prices fluctuate based on timing of the next harvest, existing stock levels, packaging and on commodity specifications. Because the U.S. Department of Agriculture is solely responsible for the purchase of commodities, PVOs are often unaware of these price factors. Procurement during times when a commodity is low in stock or high in demand tend to be more costly.

The precise details of commodity specifications should be reviewed annually and adjusted, if necessary. Prices to guarantee an extra percent of protein for some U.S. staples may for instance rise by several dollars per ton from one year to the next.

Packaging

To minimize cost, commodities should be packed and shipped in the largest possible packages. Smaller packages require more time and materials to supply a given commodity and more time and stevedoring labor to load and unload the vessel. In addition, smaller packages are more subject to pilferage.

If a commodity is to be shipped in containers, project planners should consider how many packages of a given commodity can fit in one 20' or 40' container based on the cubic dimensions and weight of the product. Both cost and damage can be minimized when only full containers are shipped.

Freight rates

Freight rates, like commodity prices, are also governed by the laws of supply and demand. The number of US flag vessels regularly engaged in food aid transportation is very limited, probably employing 60 vessels or less on average. These vessels are heavily booked during August, September and October because freight must be contracted before the end of a particular fiscal/programming year. Although it may not always be convenient on the receiving end, being able to ship during 'off' months such as January and February may often result in significant cost savings, and also meet cargo preference requirements, by making use of US flag vessels that would otherwise not be employed during these months.

Cargo Size

Freight rates are lowest when the cargo size matches the loading capacity of the vessel. PVOs will incur nearly the same fixed voyage costs whether or not the vessel is fully loaded. Subsequently, for full vessel loads, these fixed costs are spread over a larger tonnage base, thus decreasing the freight rate per ton.

FY 1996 Title II Procurement Schedule

Calls Forward Due in FFP/POD NOT LATER THAN	Invitation Number	Purchase Month	U.S. At Port Dates	Overseas Arrival
Jul 3, 1995	085	August	10/05-10/20	10/25/11/20
Aug 4, 1995	095	September	11/05-11/20	11/25-12/20
Sep 1, 1995	105	October	12/05-12/20	12/25-01/20
Oct 4, 1995	115	November	01/05-01/20	01/25-02/20
Nov 3, 1995	125	December	02/05-02/20	02/25-03/20
Dec 4, 1995	016	January	03/05-03/20	03/25-04/20
Jan 4, 1996	026	February	04/05-04/20	04/25-05/20
Feb 2, 1996	036	March	05/05-05/20	05/25-06/20
Mar 4, 1996	046	April	06/05-06/20	06/25-07/20
Apr 4, 1996	056	May	07/05-07/20	07/25-08/20
May 3, 1996	066	June	08/05-08/20	08/25-09/20
Jun 4, 1996*	076	July	09/05-09/20	09/25-10/20

** Last FY 1996 Processed Commodity Purcase*

CARE INDIA

FY 1996. 1ST QUARTER COMMODITY CALL FORWARD.

COMMODITY : CORN SOYA BLEND (CSB) QUANTITY: (MT) 33,900

PORT	QUANTITY (MT)	QUANTITY (LBS)	MONTH OF PURCHASE IN U.S.A.	MONTH OF PRODUCTION IN U.S.A.	MONTH OF EXPORT IN U.S.A.	REQUEST ARRIVAL MONTH
BOMBAY	0	0	Aug-95	Sep-95	Oct-95	Dec-95
CALCUTTA	4,500	9,921,000	Aug-95	Sep-95	Oct-95	Dec-95
JAMNAGAR	1,100	2,425,000	Aug-95	Sep-95	Oct-95	Dec-95
MADRAS	1,900	4,189,000	Aug-95	Sep-95	Oct-95	Dec-95
PARADIP	1,700	3,748,000	Aug-95	Sep-95	Oct-95	Dec-95
VISAKHAPATNAM*	2,100	4,630,000	Aug-95	Sep-95	Oct-95	Dec-95
Sub total	11,300	24,913,000				
BOMBAY	0	0	Sep-95	Oct-95	Nov-95	Jan-96
CALCUTTA	4,500	9,921,000	Sep-95	Oct-95	Nov-95	Jan-96
JAMNAGAR	1,100	2,425,000	Sep-95	Oct-95	Nov-95	Jan-96
MADRAS	1,900	4,189,000	Sep-95	Oct-95	Nov-95	Jan-96
PARADIP	1,700	3,748,000	Sep-95	Oct-95	Nov-95	Jan-96
VISAKHAPATNAM*	2,100	4,630,000	Sep-95	Oct-95	Nov-95	Jan-96
Sub total	11,300	24,913,000				
BOMBAY	0	0	Oct-95	Nov-95	Dec-95	Feb-96
CALCUTTA	4,500	9,921,000	Oct-95	Nov-95	Dec-95	Feb-96
JAMNAGAR	1,100	2,425,000	Oct-95	Nov-95	Dec-95	Feb-96
MADRAS	1,900	4,189,000	Oct-95	Nov-95	Dec-95	Feb-96
PARADIP	1,700	3,748,000	Oct-95	Nov-95	Dec-95	Feb-96
VISAKHAPATNAM*	2,100	4,630,000	Oct-95	Nov-95	Dec-95	Feb-96
Sub total	11,300	24,913,000				
G. TOTAL	33,900	74,739,000				

* SEPARATE B/Ls REQUESTED FOR VISAKHAPATNAM PORT AS FOLLOWS :

EXPORT MONTH	ANDHRA PRADESH (MTS)	MADHYA PRADESH (MTS)	TOTAL (MTS)
Oct-95	1,500	600	2,100
Nov-95	1,500	600	2,100
Dec-95	1,100	1,000	2,100
TOTAL	4,100	2,200	6,300

JUNE 30, 1995

CARE INDIA

FY 1996, 1ST QUARTER COMMODITY CALL FORWARD.

COMMODITY : S.OIL (IN 20 LITRE PAILS) QUANTITY: (MT) 4,380

PORT	QUANTITY (MT)	QUANTITY (LBS)	MONTH OF PURCHASE IN U.S.A.	MONTH OF PRODUCTION IN U.S.A.	MONTH OF EXPORT IN U.S.A.	REQUEST ARRIVAL MONTH
BOMBAY	0	0	Aug-95	Sep-95	Oct-95	Dec-95
CALCUTTA	600	1,323,000	Aug-95	Sep-95	Oct-95	Dec-95
JAMNAGAR	140	309,000	Aug-95	Sep-95	Oct-95	Dec-95
MADRAS	250	551,000	Aug-95	Sep-95	Oct-95	Dec-95
PARADIP	200	441,000	Aug-95	Sep-95	Oct-95	Dec-95
VISAKHAPATNAM*	270	595,000	Aug-95	Sep-95	Oct-95	Dec-95
Sub total	1,460	3,219,000				
BOMBAY	0	0	Sep-95	Oct-95	Nov-95	Jan-96
CALCUTTA	600	1,323,000	Sep-95	Oct-95	Nov-95	Jan-96
JAMNAGAR	140	309,000	Sep-95	Oct-95	Nov-95	Jan-96
MADRAS	250	551,000	Sep-95	Oct-95	Nov-95	Jan-96
PARADIP	200	441,000	Sep-95	Oct-95	Nov-95	Jan-96
VISAKHAPATNAM*	270	595,000	Sep-95	Oct-95	Nov-95	Jan-96
Sub total	1,460	3,219,000				
BOMBAY	0	0	Oct-95	Nov-95	Dec-95	Feb-96
CALCUTTA	600	1,323,000	Oct-95	Nov-95	Dec-95	Feb-96
JAMNAGAR	140	309,000	Oct-95	Nov-95	Dec-95	Feb-96
MADRAS	250	551,000	Oct-95	Nov-95	Dec-95	Feb-96
PARADIP	200	441,000	Oct-95	Nov-95	Dec-95	Feb-96
VISAKHAPATNAM*	270	595,000	Oct-95	Nov-95	Dec-95	Feb-96
Sub total	1,460	3,219,000				
G. TOTAL	4,380	9,657,000				

* SEPARATE B/Ls REQUESTED FOR VISAKHAPATNAM PORT AS FOLLOWS :

EXPORT MONTH	ANDHRA PRADESH (MTS)	MADHYA PRADESH (MTS)	TOTAL (MTS)
Oct-95	170	100	270
Nov-95	170	100	270
Dec-95	170	100	270
TOTAL	510	300	810

JUNE 30, 1995

BILL OF LADING
Not Negotiable Unless Consigned To Order

WATERMAN STEAMSHIP CORPORATION
An Affiliate Of International Shipholding Corporation

SHIPPER/EXPORTER CARE 151 ELLIS STREET ATLANTA, GA 30303	EXPORT DOCUMENT NO. NYC704 5MEMPJAMN022 EXPORT REFERENCES REF 150304 CARE F-2595-0050-576
CONSIGNEE CARE INDIA - DIRECTOR OF CARE C/O MANAGING DIRECTOR GUJARAT STATE WAREHOUSING CORP. JAMNAGAR, INDIA	FORWARDING AGENT REFERENCES WM H. MULLER SHIPPING CORP. FMC 906 70 WEST 36TH ST. CHB 9594 NEW YORK, NY 10018 POINT AND COUNTRY OF ORIGIN IL USA
NOTIFY PARTY (WITHOUT LIABILITY TO CARRIER) CARE INDIA - DIRECTOR OF CARE P.O. BOX 4220 NEW DELHI, 110048, INDIA	DOMESTIC ROUTING/EXPORT INSTRUCTIONS DR. H. GOLDMAN, DIRECTOR OFFICE OF FOOD FOR DEVELOPMENT USAID/INDIA B-28, INSTITUTIONAL AREA NEW DELHI 110 016, INDIA
PIER	

SHIP	BARGE	PORT OF LOADING	ONWARD INLAND ROUTING	
STONEWALL JACKSON V79	USA	LITCO-MEMPHIS, TN		
PORT OF DISCHARGE		**FOR TRANSSHIPMENT TO**	**BARGE LIFT-ON POINT (where barge placed aboard LASH vessel)**	**BARGE LIFT-OFF POINT (where barge removed from LASH vessel)**
JAMNAGAR			NEW ORLEANS, LA	

PARTICULARS FURNISHED BY SHIPPER

MARKS AND NUMBERS	NO. OF PKGS.	DESCRIPTION OF PACKAGES AND GOODS	GROSS WEIGHT	MEASUREMENT
U.S.A./AID EMBLEM CORN SOYA BLEND CONTRACT VEPE00340 NOT TO BE SOLD OR EXCHANGED/USE NO HOOK	40,773	BAGS CORN SOYA BLEND	2,275,337 LBS 1,032,086 KGS	55,044 CFT

VALUE FAS VESSEL: $292,280.34
CONTRACT VEPE00340 2,247,204 NET LBS
ND# VEPE0007599 1,019,325 NET KGS
CCC 5269-001 IFB 075 FY 95 QTR 4

BARGE NO./	DATE /	PCS
CG 5128	08/15/95	15062
CG 5163	08/15/95	10150
FRLN 11266	08/14/95	15561

* FOR RELIEF * FOR CHARITABLE PURPOSES ONLY * NOT FOR RESALE *

THESE COMMODITIES MUST NOT BE STOWED IN ANY HOLD USED TO CARRY INSECTICIDES OR ANY OTHER TOXIC SUBSTANCES.

UNITED STATES LAW PROHIBITS DISPOSITION OF THESE COMMODITIES TO LAOS, LIBYA, NORTH KOREA, VIETNAM, CAMBODIA, OR CUBA, UNLESS OTHERWISE AUTHORIZED BY UNITED STATES. G-DEST

RECEIVED in apparent good order and condition, except as otherwise noted herein, the goods or packages or the containers, vans, trailers, transportable tanks, pallet units or other packages, said to contain the goods described above, to be transported, subject to the terms and conditions of this bill of lading, to the port of discharge and there to be delivered or transshipped as herein provided.

CARRIER'S OPTIONS: Carrier has the right in its sole discretion to carry the above described goods in a general cargo vessel or in a LASH barge and LASH vessel. If carriage is in a LASH barge, Clause 1 shall apply in addition to all other terms and conditions of this bill of lading.

Goods in containers, vans, trailers or transportable tanks may be carried on deck without notice in accordance with the provisions of Clause 6 of this bill of lading.

THE TERMS AND CONDITIONS OF THIS BILL OF LADING ARE CONTINUED ON THE REVERSE HEREOF.

FREIGHT AND OTHER CHARGES

........LBS. @........PER 2000 LBS.	$........
........LBS. @........PER 2240 LBS.	$........
........CU. FT. @........PER 40 CU. FT.	$........
OCEAN FREIGHT 137.17/ 2240 LBS	$139,333.86
ALL INCLUSIVE	
PIER/PIER 135.00 /1000 KGS	$
	$
TOTAL . .	$139,333.86

WSC-40 (R11/88)

IN WITNESS WHEREOF, there have been executed THREE Bills of Lading, all of the same tenor and date, one of which being accomplished, the others to stand void.

Dated at NEW YORK 08/15/95
Month Day Year

WATERMAN STEAMSHIP CORPORATION
An Affiliate Of International Shipholding Corporation

By ____________________

B/L NUMBER

5MEMPJAMN022

(Terms and Conditions Continued from the Face Hereof)

J.B.BODA SURVEYORS PVT.LTD.

ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE :: OFFI: :: 78616, 63573 RESI: : 72451, 78410 TELEX: 161-261 GRAM: EARNEST

TALLY SHEET No. 7 Date 25-3-95

~~S.S.~~ /M.V. ROBERT-E-LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. CGE - 42

Berth T/S 1 at New ~~Port~~ Working from 1030 hrs to 1300 hrs

Description	Tally															Total	Remarks
CSR Bags	80	61	80	50	83	57	83	70	81	70	80	75	101	65	93	1229	
	90	80	90	75	90	90	81	83	74	90	76	80	83	75	92	1249	
	102	88	81													271	
Total																2649	
Previous																30158	
Grand Total																32807	

Surveyor

J.B.BODA SURVEYORS PVT.LTD.
ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 9 Date 29/3/95

~~S.S.~~ / L. V. ROBERT-E-LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. C.G.E. – 42

Berth T/S 1, New Port Working from 1430 hrs to 1800 hrs

Description	Tally															Total	Remarks
CSB Bags	105	84	105	82	87	86	90	95	83	99	95	92	84	96	102	1385	
	89	93	91	94	85	86	88	91	87	100	92	89	90	100	105	1380	
	102	100	99	99	70	95	91	101	101	124	34	—	—	—	—	1016	
Total																3781	
Previous																34765	
Grand Total																38546	

J. B. BODA ... JAMNAGAR ... LTD.

Surveyor

J.B.BODA SURVEYORS PVT.LTD.

ARIHANT KRIPA. PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 10 (FINAL) Date 30-3-95

~~S.S.~~ / L.V. ROBERT - E - LEE Voy. 75 of 20/2/95 ~~Hatch~~ / Barge No. CIE - 42

Berth T/S-1, New Port Working from 1030 Hrs to 1630 Hrs.

Description	Tally															Total	Remarks
C8B Bags	68	72	68	80	100	82	62	54	56	58	63	54	60	68	63	1008	
	64	68	80	69	80	62	64	66	69	68	63	64	66	72	74	1029	
	63	80	100	63	65	68	48	50								537	
Total																2574	
Previous																38546	
Grand Total																41120	

Surveyor

J.B.BODA SURVEYORS PVT.LTD.
ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72461, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 8 Date 27/3/95

~~S.S.~~ L. V. ROBERT-E-LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. CLE-42

Berth T/S 1 at New Port Working from 1930 hrs to 1600 hrs

Description	Tally															Total	Remarks
CSB Bags	69	54	59	55	58	70	44	55	65	60	71	59	87	66	56	927	
	74	53	58	70	58	56	94	60	60	79	71	81	58	80	79	1031	
Total																1958	
Previous																32807	
Grand Total																34765	

Surveyor

J.B. BODA SURVEYORS PVT. LTD.

ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 6 Date 24-3-95

~~S.S.~~/L V ROBERT-E-LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. C.G.E. 42

Berth T/1 at New Port Working from 2245 hrs to 0630 hrs

Description	Tally															Total	Remarks
CSB Bags	80	75	81	90	90	73	70	80	81	86	90	108	69	76	83	1324	
	86	88	90	96	70	74	75	80	81	87	96	106	75	70	88	1265	
	78	88	80	86	65	70	74	83	86	90	90	97	90	68	80	1268	
	90	88	78	88	87	88	97	84	47	—						747	
Total																4464	
Previous																25694	
Grand Total																30158	

BODA SURVEYORS PRIVATE LTD. JAMNAGAR

Surveyor

J.B.BODA SURVEYORS PVT.LTD.

ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 5 Date 21.3.95

~~S.S.~~ / L.V. "ROBERT-E-LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. CG 6154

Berth T/S 1 @ New Port Working from 1150 hrs to 1215 hrs

Description	Tally															Total	Remarks
C S B Bags	78	70	77	64	62	80	76	87	81	76	32	—	—	—	—	783	
Total																783	
Previous																24911	
Grand Total																25694	

Surveyor

J.B.BODA SURVEYORS PVT.LTD.

ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 4 Date 20.3.95

~~S.S.~~/L.V. ROBERT E. LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. CG 5154

Berth T/1 At New Port Working from 1030 hrs to 1400 hrs

Description	Tally															Total	Remarks
CSB BAGS	82	92	74	76	74	90	100	71	67	92	82	67	66	91	93	1217	
	72	64	90	72	87	90	70	73	96	96	72	55	87	92	75	1191	
	74	75	66	100	86	71	70	105								647	
Total																3055	
Previous																21856	
Grand Total																24911	

Surveyor

J.B.BODA SURVEYORS PVT.LTD.

ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 3 Date 19-3-95

~~S.S.~~/L.V. ROBERT E-LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. C.G. 5154

Berth T/1 A1 - New Port Working from 1200 hrs to 1830 hrs

Description	Tally															Total	Remarks
C 8 to Bobbers	81	83	77	88	80	86	70	[illegible]	55	70	71	74	60	81	61	1111	
	72	80	50	60	80	65	77	66	89	84	62	57	80	67	60	1049	
	84	60	73	70	84	64	68	50	82	55	72	90	90	71	66	1079	
	76	93	95	84	70	94	64	78	104	95	72	80	72	92	100	1269	
	81	82	72	74	72	80	77	66	68	80	86	70	71	72	72	1117	
	70	72	74	70	73	64	101	97								621	
	Discharge effected by manually															276	
Total																6522	
Previous																15334	
Grand Total																21856	

Surveyor

J.B. BODA SURVEYORS PVT. LTD.

ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 2 Date 6.8.95

~~S.S.~~/L V. ROBERT E. LEE Voy 75 of 20/2/8 ~~Hatch~~/ Barge No. CG C30

Berth T/1 At Newport Working from 1030 hr to 1300 hr

Description	Tally															Total	Remarks
C8B Bags	78	48	62	68	38	82	80	[illegible]	84	68	62	64	72	68	70	1012	
	72	81	58	60	55	82	72	66	65	70	75	60	62	71	68	1017	
	75	85	66	50	70	68	62	63	77	67	57	66	75	66	55	996	
	70	65	82	65	35											317	
Total																3342	
Previous																11992	
Grand Total																15334	

B. BODA SURVEYORS PRIVATE LTD. JAMNAGAR

Surveyor

J.B.BODA SURVEYORS PVT.LTD.

ARIHANT KRIPA PANDIT NEHRU MARG. JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 72451, 78410 TELEX : 161-261 GRAM : EARNEST

TALLY SHEET No. 1 Date 5.3.95

~~S.S.~~/L V. ROBERT E LEE Voy 75 of 20/2/95 ~~Hatch~~ / Barge No. CG-C 30

Berth T/i At New port Working from 1100 hrs to 0630 hrs on 6.3.95

Description	Tally															Total	Remarks
C S B BAGS	66	80	44	38	62	80	46	68	66	60	72	78	80	84	92	1016	
Com 1100 hrs Com 1800 hrs	68	38	46	64	68	70	72	80	48	60	72	68	69	70	72	965	
	68	74	86	38	40	64	68	72	74	80	48	38	72	86	82	984	
	86	84	70	48	50	54	68	62	64	80	52	54	58	68	92	990	
	86	80	84	92	48	46	49	52	58	60	68	82	88	86	85	1064	
	88	92	96	98	38	46	42	48	52	81	72	80	48	52	58	991	
	86	48	80	84	92	68	68	42	38	39	80	90	82	68	50	1015	
	76	60	50	68	56	66	—									376	= 7401
Com 2200 hrs Comp 0630	60	62	60	65	58	70	70	65	60	55	53	55	54	55	60	902	
	62	63	65	60	72	80	68	70	60	70	65	68	62	64	60	989	
	60	65	60	64	60	55	58	55	54	56	55	54	55	66	64	875	
	60	62	64	65	65	66	65	65	58	60	65	54	55	56	55	915	
	60	55	65	64	66	54	55	54	55	64	66	62	60	64	66	916	
																	4591
Total																11992	
Previous																	
Grand Total																	

Surveyor

J.B.BODA SURVEYORS PVT.LTD.
ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78516, 63573 RESI. : 78410, 72481, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-10 CARE (FINAL) Date 31/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1100 hrs. 30/3/95

Completed discharge / delivery 1600 hrs. 30/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 30/3/95

Day Shift	2574	Total discharged / delivered	41120
Night Shift		B/L Quantity	47200
Previous Discharge / Delivery	38546	Balance	06080

Short shipped at load port - 6040
Short landed at dis. port - 0040

OBSERVATIONS.

1. Wooden pallets/steel trays with spreader used for discharging the Cargo from the barge.

2. A good number of corner ends torn bags found in the barge.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Total bags.
30/3/95	Day	CG-E42	1100	1600	2472	102	NIL	2574
			Previous.		37275	1150	121	38546
			G/Total.		39747	1252	121	41120

JAMNAGAR

J.B.BODA SURVEYORS PVT.LTD.
ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78510, 63573 RESI. : 78410, 72451, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-9 CARE Date 30/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB in bags. Clearing Agents

Commenced discharge / delivery 1430 hrs. 29/3/95

Completed discharge / delivery 1815 hrs. 29/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 29/3/95

Day Shift	3781	Total discharged / delivered	38546
Night Shift	-	B/L Quantity	47200
Previous Discharge / Delivery	34765	Balance	08654

OBSERVATIONS.

1. Wooden pallets/steel trays with spreader used for discharging the Cargo from the barge.
2. A good number of corner ends torn bags found in the barge.
3. The stacks were made varying between 16 tiers and 28 tiers inside the transit shed.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Total bags.
29/3/95	Day	CG-E42	1430	1815	3694	87	-	3781
			Previous.		33581	1063	121	34765
			P/Total.		37275	1150	121	38546

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PHONE : OFFI. : 78618, 63673 RESI. : 78410, 72451, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-8 CARE Date 28/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1130 hrs. 27/3/95

Completed discharge / delivery 1600 hrs. 27/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 27/3/95

Day Shift	1958	Total discharged / delivered	34765
Night Shift	-	B/L Quantity	47200
Previous Discharge / Delivery	32807	Balance	12435

OBSERVATIONS.

1. Wooden pallets/steel trays with spreader used for discharging the Cargo from the barge.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Total bags.
28/3/95	Day	CG-E42	1130	1600	1933	25	NIL	1958
			Previous.		31648	1038	121	32807
			P/Total.		33581	1063	121	34765

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PHONE : OFFI. : 78616, 63573 RESI. : 78410, 72451, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-7 CARE Date 27/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1030 hrs. 25/3/95

Completed discharge / delivery 1300 hrs. 25/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 25/3/95

Day Shift	2649	Total discharged / delivered	32807
Night Shift	-	B/L Quantity	47200
Previous Discharge / Delivery	30158	Balance	14393

OBSERVATIONS.

1. Wooden pallets/steel trays with spreader used for discharging the Cargo from the barge.

2. The stacks were made varying between 16 tiers and 28 tiers in the transit shed.

DISCHARGING PARTICULARS

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Total bags.
25/3/95	Day	CG-E42	1030	1300	2589	60	NIL	2649
			Previous.		29059	978	121	30158
			P/Total		31648	1038	121	32807

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J.B.BODA SURVEYORS PVT.LTD.
ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFL. : 78516, 63573 RESI. : 78410, 72461, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-6 CARE Date 25/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 2245 hrs. 24/3/95

Completed discharge / delivery 0630 hrs. 25/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 24/3/95

Day Shift	NIL	Total discharged / delivered	30158
Night Shift	4464	B/L Quantity	47200
Previous Discharge / Delivery	25694	Balance	17042

OBSERVATIONS.

1. Upon opening of pontoon covers of the lash barge No. CG-E42, we observed CSB bags loaded all over in the barge upto a full height.
2. Wooden pallets/steel trays with spreader used for discharging the Cargo from the barge.
3. Bare metal structure of the barge covered with kraft paper.
4. The stacks were made varying between 16 tiers and 28 tiers in the transit shed.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Total bags.
24/3/95	Night.	CG-E42	2245	0630 (25/3/95)	4374	90	NIL	4464
			Previous.		24685	888	121	25694
			P/Total.		29059	978	121	30158

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J.B.BODA SURVEYORS PVT.LTD.

ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78518, 63573 RESI. : 78410, 72481, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-5 CARE Date...22/3/95.............

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1100 hrs. 21/3/95

Completed discharge / delivery 1215 hrs. 21/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 21/3/95

Day Shift	783	Total discharged / delivered	25694
Night Shift	-	B/L Quantity	47200
Previous Discharge / Delivery	24911	Balance	21506

OBSERVATIONS.

1. Wooden pallets with spreader used for discharging the Cargo from the barge.

2. Few corner ends torn bags found in the barge.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Total bags.
21/3/95	Day	CG-5154	1100	1215	747	36	NIL	783
			Previous.		23938	852	121	24911
			P/Total.		24685	888	121	25694

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J.B.BODA SURVEYORS PVT.LTD.
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PHONE : OFFI. : 78516, 63573 RESI. : 78410, 72451, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-4 CARE Date 21/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1030 hrs. 20/3/95

Completed discharge / delivery 1400 hrs. 20/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 20/3/95

Day Shift	3055	Total discharged / delivered	24911
Night Shift	-	B/L Quantity	47200
Previous Discharge / Delivery	21856	Balance	22289

OBSERVATIONS.

1. Wooden pallets/steel trays with spreader used for discharging the Cargo from the barge.
2. The stacks were made varying between 16 tiers and 28 tiers in the transit shed.
3. A good number of corner ends torn bags found in the barge.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Total bags.
20/3/95	Day	CG-5154	1030	1400	2953	102	NIL	3055
			Previous.		20985	750	121	21856
			P/Total.		23938	852	121	24911

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PHONE : OFFI. : 78616, 63673 RESI. : 78410, 72451, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-3 CARE Date 20/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1200 hrs. 19/3/95

Completed discharge / delivery 1830 hrs. 19/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 19/3/95

Day Shift	6522	Total discharged / delivered	21856
Night Shift	-	B/L Quantity	47200
Previous Discharge / Delivery	15334	Balance	25344

OBSERVATIONS.

1. Upon opening of pontoon covers of the lash barge No. CG-5154, we observed CSB bags loaded all over in the barge upto a height of about 1½' below coaming level.
2. Wooden pallets/steel trays with spreader used for discharging the Cargo from the barge.
3. Bare metal structure of the barge covered with kraft paper.
4. The stacks were made varying between 16 tiers and 28 tiers in the transit shed.
5. Discharge of 276 bags effected manually.
6. During progressive discharge of CSB bags (B/L-2) from the above barge, we observed CSB bags (B/L No.1) loaded all over in the barge.
7. Plywood sheets used as a separation between the CSB bags of two different B/L No. in the barge.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly fungus aff. bags.	Totl bags.
19/3/95	Day	CG-5154	1200	1830	6222	300	NIL	6522
			Previous.		14763	450	121	15334
			P/Total.		20985	750	121	21856

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PHONE : OFFI. : 78516, 63573 RESI. : 78410, 72451, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-2 CARE Date 7/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1030 hrs. 6/3/95

Completed discharge / delivery 1300 hrs. 6/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 6/3/95

Day Shift	3342	Total discharged / delivered	15334
Night Shift	-	B/L Quantity	47200
Previous Discharge / Delivery	11992	Balance	31866

OBSERVATIONS.

1. Wooden pallets with spreader used for discharging the Cargo from the barge.
2. The stacks were made varying between 16 tiers and 28 tiers in the transit shed.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly slightly fungus aff bags.	Total bags.
6/3/95	Day	CG-C30	1030	1300	3202	140	-	3342
			Previous.		11561	310	121	11992
			P/Total.		14763	450	121	15334

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PHONE : OFFI. : 78516, 63573 RESI. : 78410, 72451, TELEX : 161-261 GRAM : EARNEST

DAILY REPORT No. Discharge-1 CARE Date 06/3/95

Name of the vessel 'ROBERT E LEE' V-75 Berth No. T-1 at New Port.

Cargo CSB bags. Clearing Agents

Commenced discharge / delivery 1100 hrs. 05/3/95

Completed discharge / delivery 0630 hrs. 06/3/95

PARTICULARS OF DISCHARGE/DELIVERY on 05/3/95

Day Shift	7401	Total discharged / delivered	11992
Night Shift	4591	B/L. Quantity	47200
Previous Discharge / Delivery	-	Balance	35208

OBSERVATIONS.

1. Upon opening of pontoon covers of the lash barge No. CG-C30, we observed CSB bags loaded all over in the barge upto a height of about 1½' below coaming level.
2. Wooden pallets with spreader used for discharging the Cargo from the barge.
3. Few outwardly slightly fungus effected bags found in the barge.
4. Bare metal structure of the barge covered with kraft paper.
5. The stacks were made varying between 16 tiers and 28 tiers in the transit shed.

DISCHARGING PARTICULARS.

Date.	Shift.	Barge No.	Comm. hrs.	Comp. hrs.	Sound bags.	Slack/ torn bags.	Outwardly slightly fungus eff. bags.	Total bags.
05/3/95	Day	CG-C30	1100	1800	7061	240	100	7401
"	Night.	"	2200	0630 (6/3/95)	4500	70	21	4591
				Total :	11561	310	121	11992

SURVEY REPORT No...JMN003695AA

Date 12 April, 1995

CONTINUATION SHEET No. 4

J.B.BODA SURVEYORS PVT.LTD.
JAMNAGAR.

(b) Approximate 287 slack/torn bags sighted stowed along with the sound bags in various locations of the barges.

(c) Normal handling damages at load port, during loading Cargo into the barges.

(d) Normal handling damages at discharge port, during discharge of Cargo from the barges.

EX-TACKLE DAMAGES.

During the course of discharge, following bags were segregated as Ex-tackle damages :

Slack/torn	:	1252 bags.
Outwardly slightly fungus affected	:	121 bags.

Our observations on wear and tear after landing will be reflected in our Ex-shed Report.

ISSUED WITHOUT PREJUDICE

PGJ/TOR.

T. Madhav Rao
Port Officer
CARE-JAMNAGAR
Jamnagar.

For J.B. BODA SURVEYORS PVT. LTD.

SURVEYOR

SURVEY REPORT No. JMN003695AA

Date 12 April, 1995

CONTINUATION SHEET No. 3

J.B.BODA SURVEYORS PVT.LTD.
JAMNAGAR.

4. Stevedores utilized steel trays/wooden pallets with spreader hooked onto the shore mobile Crane for discharging the Cargo from the barges. At times discharge of Cargo effected manually.

5. No tilting of pallets/treys observed.

6. The bags were shifted manually by the labourers engaged by the Stevedores and stacked inside the transit shed.

7. During progressive discharge, our Surveyors observed following :
   (a) Approximate 121 outwardly slightly fungus affected bags found loaded along with the sound bags in various locations of the lash barge No. CG- C30.
   (b) During progressive discharge of CSB bags of B/L No.2 from the lash barge No. CG- 5154, we observed CSB bags of B/L No.1 loaded all over in the barge. Plywood sheets used as a seperation between the CSB bags of two different B/L No. in the lash barge.
   (c) Preslung Cargo of CSB observed in the barges.
   (d) Bare metal structure of the barges covered with kraft paper.
   (e) Wooden planks/plywood sheets used as a dunnage on tank top of the barges.

8. The stacks were made varying between 16 tiers and 28 tiers inside the transit shed.

9. Our Surveyors were present at all the landing points in order to supervise the segregation of damaged bags from sound bags discharged from the barges in a mixed condition. The segregation was carried out by the labourers engaged by the Stevedores to the extent possible. However, possibilities of mixing of few damaged bags with sound bags cannot be ruled out. The same will be segregated during delivery.

10. After completion of discharge of Cargo from each barge, we inspected the compartment and found them to be dry and empty.

11. Sweepings were collected into gunny bags from the barges/Wharf by the labourers engaged by the Stevedores.

SURVEYORS REMARKS.

Slack/torn bags, in our opinion, are attributable to :

(a) Approximate 404 CSB bags found torn from corner ends loaded along with the sound bags in various locations of the lash barge No. CG-5154 and CG-E42.

SURVEY REPORT No...JMN00369.5AA..

Date....12 April, 1995..................

CONTINUATION SHEET No....2...............

J.B.BODA SURVEYORS PVT.LTD.
JAMNAGAR.

PRE DISCHARGE.

Prior discharge of CSB in bags, we inspected the Wharf apron abreast transit Shed T-1 and stacking points inside the transit shed T-1 at New Port and found to be clean, dry and free from any visible live infestation and fit to receive the Cargo. Tarpaulins/HDPE liner were spread at the stacking points.

PACKING.

Grain product CSB was packed in three ply paper bags with inner polythene lining. Each bag contained said to be 25.00000 Kilos net CSB. Top and b8ttom flaps of the paper bags folded and gummed.

MARKS AND NUMBERS.

U.S.A.
AID EMBLEM CORN SOYA BLEND
CONTRACT NO. : VEPE-00282
NOT TO BE SOLD OR EXCHANGED
USE NO HOOKS.

PARTICULARS OF LASH BARGES CONTAINING CSB BAGS AND MANIFEST QUANTITY.

LASH BARGE NO.	MANIFEST QUANTITY.
CG- C30	15400 bags.
CG- E42	15400 bags.
CG- 5154	10360 bags.
TOTAL :	41160 bags.

OBSERVATIONS ON CARGO STOWAGE.

Our observation on Cargo stowage upon opening of pontoon covers of the lash barges are as follows :

1. LASH BARGE NO. CG- C30
   We sighted the CSB bags stowed all over in the barge upto a height of about 1½' below coaming level.
2. LASH BARGE NO. CG- E42
   We sighted the CSB bags stowed all over in the barge upto a full height.
3. LASH BARGE NO. CG- 5154
   We sighted the CSB bags stowed all over in the barge upto a height of about 1½' below coaming level.

DISCHARGING OBSERVATIONS.

1. Please refer to our daily discharge reports and tally sheets attached.
2. Discharge commenced at 1100 hours on 05th March, 1995 and completed at 1600 hours on 30th March, 1995.
3. During discharge operation weather condition was fair and seasonal.

J.B.BODA SURVEYORS PVT.LTD.
ARIHANT KRIPA, PANDIT NEHRU MARG, JAMNAGAR - 361 002 - INDIA
PHONE : OFFI. : 78616, 63573 RESI. : 78410, 72461 TELEX : 161-261 GRAM : EARNEST

SURVEY REPORT No. JMN003695AA Date 12th April, 1995

WE, the undersigned Marine Surveyors, do hereby Certify that, at the request of CARE-Jamnagar, attended to the discharge of Corn Soya Blend in paper bags landed from the lash barges ex. L.V. 'ROBERT E LEE' Voyage No.75 on 05th March, 1995 and thereafter continuously in order to carry out a continuous Ex-ship's Tackle Survey.

We now report as follows :

CONSIGNMENT PARTICULARS.

Commodity	:	(CSB) Corn Soya Blend in paper bags.
Shipment No.	:	F-2595-0050-450
Bill of Lading No. & Date	:	No. 002, dated 11th January, 1995.
Bill of Lading Quantity	:	47200 bags.
Gross weight in Kilos	:	1197128
Net weight in Kilos	:	1180000
Contract No.	:	VEPE-00282

NOTE:
The original Bill of Lading was issued for 47200 CSB bags . However, this Vessel brought only 41160 CSB bags.

SHIP'S PARTICULARS.

Vessel	:	L.V. 'ROBERT E LEE' V-75
Flag	:	United States of America
G R T	:	28580.00
N R T	:	21078.00

OTHER PARTICULARS.

Carriers	:	Watermen Steamship Corporation, New York.
Local Agents/Stevedores	:	United Liner Agencies of India Private Limited, Jamnagar.
Consignee	:	CARE-Jamnagar.

BACKGROUND.
L.V. 'ROBERT E LEE' V-75 with lash barges containing varicus Gift Cargo/Commodities, consigned to CARE-Jamnager from USA Ports, arrived at Bedi Anchorage on 20th February, 1995 and lowered the barges in stream. These barges were subsequently towed to New Port berth by Port/private tugs and moored for discharge.

... 2

SGS SGS del Perú S.A.

NOTA DE TARJA

O/L. B/L 4266

O/G.

Pto. de Emberque: T.M.C

Fecha: 15-12-93

Exportador: CARR PERU

Vapor: M/N 2YKES INNOVATOR

Bodega: Nº 3

Lote:

Turno: 07.00 A 14.00

Especificaciones: FREJOLES

Inicio: 11.00

Término: 1255

	Guía	Camión / Vagón Nº.	Hora	To.	Detalle de Tarja	Sub Total	Total parcial
SS.2 (1)	8354	YG-4593			50-50-50-50-50-50-50-50-50-50		
					50-50-50-50-	—	700
SS.2 (2)	8355	YG4312			50-50-50-50-50-50-78-	—	378
							1078
					SACO BUENOS = 1060		
					SACOS ROTOS = 18		
					1078		

Observaciones: 05- SACO VACIOS

Carlos A. Escobar Salazar

Firma Verificador

Nombre: Código

RBorelle

Firma Supervisor

Nombre: Código

SGS de Peru S.A.

NOTA DE TARJA

O/L. 2236 O/G.

Pto. de Embarque: desembarque T.M.C. Fecha: 15 de diciembre 93

Exportador: CARE PERU. - / B/L. 009304266.

Vapor: LYKES INNOVATOR Bodega: 3 Lote: 4399

Turno: 01:00 a.m — 07:00 a.m. / 3° TURNO

Especificaciones: DRIED RED BEANS Inicio: 1:05 a.m Término: 3:10

Guía	Camión / Vagón Nº	Hora	To	Detalle de Tarja	Sub Total	Total parcial
265	YA-1010	1:05		50 - 50 - 48 - 50 - 50 - 52 -	300	
				50 - 50 - 50 - 50 - 50 - 50 -	300	
				50 - 50 - - - - -	100	
						700
266	YG-3144	2:15		50 - 50 - 50 - 50 - 50 - 50 -	300	
				50 - 50 - 50 - 50 50 - 50 -	300	
				50 - 50 -	100	
						700
						1400
				Sacos buenos 1399		
				Saco roto 1		
				Total 1400		

Observaciones: Ya descarga se realizó normalmente con camiones de Transportes Ydam y Pidi Victoria se cargó [illegible] con dirección a San Juan de Lurigancho

Juan Laya
Firma Verificador
Nombre: Juan Laya Código

RBordalle
Firma Supervisor
Nombre: Código

SGS SGS del Perú S.A.

NOTA DE TARJA

O/L: C4231
B/L O/G: 009F04266
Pto. de Embarque: T. H. C
Fecha: 14/12/93
Exportador: CARE
Vapor: LIKES INNOVATOR
Bodega: 3
Lote:
Turno: 14 - 22 HRS
Especificaciones: FREJOL EN SACOS DE 50Kg
Inicio: 17:20
Término: 20:41

Guía CIA	Camión / Vagón Nº.	Hora	To.	Detalle de Tarja	Sub Total	Total parcial
8324	YG-5532			50-50-50-50-50-50-50-50-50-50		
				50-16		566
8325	YA-1006			50-50-50-50-50-50-50-50-50-50		
				50-50-25		625
8326	YG-3143			50-50-50-50-50-50-50-50-50-50		
				50-50-50-50		700
				TOTAL		1893
				S. BUENOS 1871		
				S ROTOS 22		
				CANTIDAD TOTAL 1893		

Observaciones: P/S → 028510

Nombre — Firma Verificador — Código

Nombre: — Firma Supervisor — Código

SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS

SGS del Perú S.A.
O/L 6241

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65853

Certificado / Certificate No. 3915

INSPECTION CERTIFICATE

PACKING
New polypropylene bags.

ADDITIONAL DATA
* Name of surveyor : Messrs. E. Ruiz and J. Huaroto
* Name of persons who were presents during discharge operations.
  - COSMOS AGENCY : Messrs Naranjo and Queirolo
  - WOLL AGENCY : Messrs Canales and Cáceres
  - AGRICULTURE MINISTRY : Dr. Albarracín.
  - C & H SURVEYORS : Messrs Huamaní and Pojo
  - IIS : Messrs Carranza and Lazo
* Standard of stevedores labour : Regular
* Standard of discharge techniques : Regular

RECEPTION AT SAN JUAN DE LURIGANCHO'S WAREHOUSE
The quantity of cargo receptioned at COLLIQUE's warehouse was as follows:

Bags in good external conditions	Torn/shortage Bags	Gross Kgs.	Total bags
4,296	76	2,875	4,372

Issued at Lima (Perú), on January 14th, 1994
/nct

S. G. S. DEL PERU S.A.

SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS•SGS

Firma Verificador	Firma Supervisor
Nombre / Código	Nombre: / Código

SGS del Perú S.A.
O/L 6241

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65853

Certificado / Certificate No. 3915

INSPECTION CERTIFICATE

TALLY
During the discharge process, we worked with one inspector per hold.

According to our tally, number of bags discharged was:

4,330 bags in external good condition with 216,976.30 gross kgs (as per B/L)
41 torn/shortage bags with 1,820 gross kgs (estimated weight)

4,371 Total bags discharged
======
28 Missing bags
4,399 Bags as per B/L

WEIGHT REGISTERED IN ENAPU : 100% of the cargo was weighed on full and empty trucks, with the following results:

TYPE OF DISCHARGE	BAGS	GROSS WEIGHT
DIRECTLY	4,371	220,650

OCCURRENCES DURING DISCHARGE
Use of hooks by Stevedors.
Product was taken out by many unkown persons, stevedores and Enapu's personnel, due to lack of control of Enapu's security personel.

The torn/shortage bags were due to both, bad manoeuverings of Enapu's personnel and bad placing of the product onto slings, which caused the falling down of bags to the quay.

Also shortage of product was due to tore bags that fall off the trucks and/or pallets.

MARKS
USA
SMALL RED BEANS
CONTRACT N°VEP 200102
WEIGHT NET 50 Kls.
110.23 Lbs.

Firma Verificador
Nombre
Código

Firma Supervisor
Nombre:
Código

SGS SGS del Perú S.A.
O/L 6241

65853

Certificado / Certificate No. 3915

INSPECTION CERTIFICATE

PARCEL : Described as: 4,399 BAGS DRIED RED BEANS

VESSEL : M/V "LYKES INNOVATOR" V.04 FROM LAKE CHARLES, LA
TO CALLAO/PERU - B/L 009F04266

SHIPPER : C.A.R.E.

NOTIFY : C.A.R.E. PERU

****

We hereby certify that at request and for account of Messrs., C.A.R.E. - PERU, we have inspected the condition of the cargo and effected the tally during the operation of discharge on board of the M/V "LYKES INNOVATOR" V.04 .

DETAILS OF VESSEL

VESSEL ARRIVED AT CALLAO	: 12/12/93 at 00:30 Hrs.
BERTHED ALONGSIDE PIER N°2-A	: 12/12/93 at 18:00 Hrs.
DISCHARGE OPERATIONS COMMENCED	: 14/12/93 at 17:20 Hrs.
DISCHARGE OPERATIONS COMPLETED	: 15/12/93 at 12:55 Hrs.

SYSTEM OF DISCHARGE

Discharging was performed directly from vessel to trucks and indirectly to Enapu's warehouse.
The cargo was handled by means of cargo net.

CONDITION OF THE CARGO ON BOARD BEFORE DISCHARGE
We found the cargo in good conditions as far as visually could be ascertained.

INSPECTION
As per vessel stowage plan cargo was stowed as follows:

HOLD	N° BAGS
3	4,399

At time of inspection, we verified that the condition of the cargo was as follows:

Firma Verificador	Firma Supervisor
Nombre Código	Nombre: Código

Verification list for cleaning the warehouse

Name of the warehouse ____

Location ____

A. Use of warehouse

1. Product stored ________________________________

2. Storage space

   a. Capacity ________________________________

   b. Area ________________________________

		Yes	No
B.	Conditions outside the warehouse	Yes	No
1.	Loading and unloading areaa	____	____
a.	Accumulations of grain or chaff?	____	____
b.	Accumulations of garbage?	____	____
2.	Presence of grass or tall weeds?	____	____
3.	Piles of garbage or junk?	____	____
4.	Evidence of rodents (burrows, etc.)?	____	____
5.	Birds perching or nesting under the roof?	____	____
C.	Maintaining the exterior of the warehouse		
1.	Does the roof need repair?	____	____
2.	Holes in the walls where birds may enter?	____	____
3.	After closing the doors, are there still holes where rodents may enter?	____	____
4.	Vents without screens?	____	____
5.	Vents with damaged screens?	____	____

		Yes	No
D.	Maintenance of the warehouse	____	____
1.	Need to clean the floors?	____	____
2.	Accumulations of garbage, equipment or junk in the warehouse?	____	____
3.	Need to clean the walls or the inside of the roof?	____	____
4.	Is there rodent bait or pieces of glass on the ground?	____	____
E.	Grain storage prcatices		
1.	Is grain stored against the wall?	____	____
2.	Is grain stacked on the floor?	____	____
3.	Are the stacks of grain separated from each other by at least one meter?	____	____
4.	Is the grain stored close to the chemicals, pesticides, or strong smelling materials?	____	____
5.	Are there broken bags of grain in stacks?	____	____
F.	Insect infestations		
1.	Are insects flying inside the warehouse?	____	____
2.	Insects or worms		
a.	On the floor?	____	____
b.	On the outside of the bags?	____	____
c.	Inside the grain bags?	____	____
3.	Traces of insects evident in the dust?	____	____
G.	Conditions suggesting rodents or birds		
1.	Rat excrement visible on the floor or on top of sacks?	____	____

		Yes	No
2.	Do the stacks have bags chewed by rodents?	____	____
3.	Are rodents visible in the warehouse?	____	____
4.	Traces of rodents in the dust?	____	____
5.	Bird excrement on the floor or on bags?	____	____
6.	Birds seen in the warehouse?	____	____

H. Grain handling practices

		Yes	No
1.	Has all grain been inspected when arriving at warehouse?	____	____
2.	Can the warehouse personnel identify the insects that infest the grain?	____	____
3.	Is grain fumigated when insects are found?	____	____
4.	Is grain fumigated when it arrives at the warehouse?	____	____
5.	Do workers report every evidence of rodents, insects or birds?	____	____

I. Control of infestation

		Yes	No
1.	Is rat poison in use?	____	____
	a. On the outside of the warehouse	____	____
	b. On the inside of the warehouse	____	____
2.	Are the stations for bait adequately maintained?	____	____

If no, why not? ____

3. What rat poisons are used in the warehouse?

____

		Yes	No
4.	Do the traps used in the warehouse have bait?	____	____
	Are they set?	____	____

		Yes	No
5.	Are residual insecticides used in the warehouse?	____	____
	What residual insecticides were used? ________________________________		
6.	Are fog or spray insecticides used in the warehouse?	____	____
	Which insecticide was used as fog or spray? ________________________________		
7.	Are fumigants used in the warehouse?	____	____
	Which fumigants were used? ________________________________		
8.	Are records maintained of rodent control?	____	____
9.	Are records maintained of insect control?	____	____

J. Warehouse administration

1.	Does the warehouse director make a preiodic inspection of the warehouse?	____	____

Warehouse foreman ________________________________

Quality control agent ________________________ Date __________

CARE
151 Ellis Street NE
Atlanta, GA 30303-2439
Tel 404 681-2552
Fax 404 577-6662
404 577-1205

FIFTY CARE YEARS

ALMIS **#4351**
Date: October 10, 1994
To: Senior Staff
Regional Foundation Offices
Country Offices
From: Bill Novelli
Subject: Policy on losses and Fraudulent Acts

CARE's reputation is its most valuable asset. We must all work to maintain the highest degree of accountability to our donors, and avoid or prevent situations which may compromise our position. Below is CARE's policy on losses and fraudulent acts. Please review and discuss it with all of your stff, post it in a central location, and take appropriate action if necessary. We will be forwarding translated copies as soon as they are available.

Management is resonsible for detecting defalcations, misappropriations, and other irregularities, and for having a system of internal control in place to reduce the risk of loss. This includes situations that occur due to the Country Director or Department Head's negligence in monitoring his/her staff, not having adequate systems to prevent losses or at a minimum detect them on a timely basis, not implementing the recommendations made as a result of audits (internal or external), and not adequately safeguarding CARE property (building, cars, etc.). In addition, each member of CARE's management team should be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularity.

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

Any dishonest or fraudulent act;

Forgery or alteration of any document or account belonging to CARE (including, but not limited to time sheets, payroll and associated leave records and accounts, procurement documents, agricultural commodity records, spare parts or project materials and equipment inventory records, food commodity management and monitoring reports, etc.);

Forgery or alteration of a check, bank draft, or any other financial document;

Misappropriation of funds, commodities, securities, supplies, spare parts, project materials and equipment, or other assets;

Impropriety in the handling or reporting of money, financial transactions, or bidding procedures;

Accepting or seeking anything of material value from vendors or persons providing services/materials to CARE (exceptions: perishable gifts intended for a group of employees, such as candy or flowers);

Destruction or misappropriation of records, furniture, fixtures, or equipment;

Diversion, alteration, or mismanagement of documents or information; and/or

Any similar or related irregularity.

Any employee who identifies or suspects an irregularity has an obligation to report this to his/her immediate supervisor. If the employee is not satisfied after discussions, or has reason to believe that the supervisor is involved, he/she should speak with the manager at the next level.

Once the detected or suspected irregularity has been identified, management (domestic: Division or Department Head and overseas: the Country Director) must immediately report the incident to Trish Shannon, Director of Internal Audit, who coordinates all investigations with General Counsel and other affected areas, both internal and external. Country Directors should notify the Regional Manager at the time Internal Audit is notified.

If an employee suspects dishonest or fraudulent activity, he/she should report such activity through the normal chain of supervision. However, if this is not possible, Trish is available to discuss such matters on a confidential basis.

This policy applies to any irregularity, or suspected irregularity, involving not only employees, but also vendors and other outside parties. Investigations will be conducted without regard to length of service, position, title, or relationship.

Please confirm to Trish Shannon, no later than November 15, 1994, that you and your staff have read this ALMIS.

If there is any question as to whether an action constitutes fraud, or if you have any questions about this policy, please contact Trish Shannon for guidance.

Thank you.

CERTIFICATE OF SURVEY FEES PAID

I hereby certify that CARE, Inc. has incurred and paid $142.00 in marine Survey fees for the attached Survey Report in connection with the discharge of 2,268 cartons of Vegetable Oil loaded on board the SS/MV FALCON V-133

____

OFFICIAL INVENTORY
Name and Title

Tegucigalpa, M.D.C., July, 1995

brl./mrm

CODES FOR COMMODITY TYPE, LOSS LOCATION, AND LOSS TYPE

COMMODITY CODES

005 – Bulgur
007 – Corn
009 – Cornmeal
011 – CSB (Corn-Soy Blend)
012 – CSB, Instant
013 – CSM, Instant
014 – CSM (Corn-Soy-Milk)
015 – Grain Sorghum
018 – Non-fat Dried Milk
019 – Rolled Oats
021 – Rice, Milled
023 – Soy Foritifed Bulghur
025 – Soy Fortified Cornmeal
027 – Soy Fortified Flour 6%
029 – Soy Fortified Flour 12%
031 – Soy Fortified Rolled Oats
032 – Soy Fortified Sorghum Grits
033 – Full Fat Soy Flour
035 – Defatted Soy Flour
039 – Vegoil, Soybean Salad
040 – Vegoil, Peanut
041 – Wheat
043 – Wheat Flour
045 – Wheat Rolled
046 – Whey Soy Drink Mix
047 – WSB (Wheat-Soy Blend)

LOSS LOCATION CODES

1 – Lost during ocean transport
2 – Lost during in-country transport
3 – Lost in customs warehouse
4 – Lost in agency warehouse
5 – Other

LOSS TYPE CODES

<u>BAG FAILURE WITH SPILLAGE</u>
(Contents <u>not</u> contaminated, deteriorated, or infested)

101 – Mechanically ripped, torn, cut or punctured
102 – Burst
103 – Loosened adhesive when bag <u>is</u> water damaged
104 – Punctured by insects
105 – Other bag damage problems

<u>DEFECTIVE BAGS</u>

110 – Leaking longitudinal or side seam
111 – Leaking closure, bottom
112 – Leaking closure, top
113 – Corners peeling
114 – Wrinkled along fold, bottom
115 – Wrinkled along fold, top
116 – Tapered closure
117 – Loosened adhesive when bag <u>is not</u> water damaged

<u>EXPOSED STITCHING</u>

118 – Tape improperly positioned, top
119 – Tape wrinkled, top
120 – Tape not adhering, top
121 – Tape improperly positioned, bottom
122 – Tape wrinkled, bottom
123 – Tape not adhering, bottom
124 – Other defect or stitching problem

MOLDY BAGS

201 – Combined with spilled commodity
202 – Spilled commodity absent

SHORT WEIGHT BAGS

301 – Quantity received less than specified weight (Note: include number of bags affected on back)

CONTAMINATED but NOT INFESTED

401 – Soiled by rodents, birds, or animals
402 – Mixed with water
403 – Mixed with chemicals, pesticides, petroleum products, etc.
404 – Contains rope spores in original bag
405 – Contains noxious seeds (original bag or bulk grains)
406 – Other contamination problem

DETERIORATED but NOT INFESTED or CONTAMINATED
(Commodity is discolored and/or tastes or smells unclean, stale or musty)

501 – Deteriorated and bag failure
523 (Note: Use suffixes 01 – 23 from 100 series, i.e. Deteriorated and Corners Peeling = 500 + 13 = 513)
525 – Undamaged and opened bags
526 – Undamaged and unopened bags
527 – Patched, taped, over-slipped, or rebagged commodity

INFESTED WITH INSECTS

601 – Infested and bag failure
623 (Note: Use suffixes 01 – 23 from 100 series, i.e. Infested and Burst = 600 + 02 = 602)
625 – Undamaged and opened bags
626 – Undamaged and unopened bags
627 – Patched, taped, over-slipped, or rebagged commodity

INFERIOR GRADE

701 – Excess dockage
702 – Excess broken kernels
703 – Excess other grain or leguminous seeds
704 – Other problems affecting grade

OTHER UNSPECIFIED REASON FOR LOSSES

801 – Specify reason ___________

CARE
151 Ellis Street NE
Atlanta, GA 30303-2439
Tel 404 681-2552
Fax 404 577-6662
404 577-1205

FIFTY CARE YEARS

Date:	July 27, 1995
To:	Ms. Sally Nunn Commodity Credit Corporation USDA-ASCS
Subject:	Reimbursement of Reconstitution Expenses India #2507 P for Rs. 89,133.40 or USD 2,822.46

Dear Ms. Nunn:

Enclosed please find documents supporting the above referenced request for reimbursement of reconstitution cost in accordance with AID Regulation 11, Section 211.7 (e) (iii).

Please make check payable to CARE and forward to my attention.

Sincerely,

Imelda C. Zumbro
Logistics/Transportation & PL480 Officer

cc: CARE-India

CARE
151 Ellis Street NE
Atlanta, GA 30303-2439
Tel 404 681-2552
Fax 404 577-6662
404 577-1205

FIFTY CARE YEARS

Date: July 12, 1995
To: Imelda Zumbro
CARE USA
From: P.R. Chauhan
CARE India
Subject: Reimbursement of reconstitution expenses incurred on reconstitution of damages that took place after discharge of cargo by Ocean Carrier at Visakhapatnam Port
Rs. 89,133.40 or $2,822.46

Dear Imelda:

According to AID Regulation 11 Section 211.7 (f) (iii) the Volag is permitted to claim reimbursement of the expenses incurred on reconstitution of damages that have taken place after discharge of the cargo by Ocean Carrier. Attached is a statement giving details of Reconstitution expenses by shipments together with photocopies of the supporting invoices in duplicate.

Please retain one set and forward one set to CCC with a request for reimbursement to CARE India in U.S. Dollars.

Please acknowledge receipt.

Thank you.

Warm regards,

P.R. Chauhan

Encls: a.a.

DETAILS OF EXPENSES INCURRED ON RECONSTITUTION OF DAMAGES THAT HAVE TAKEN PLACE AFTER THE CARGO HAS BEEN DISCHARGED BY THE CARRIER - FOR THE PERIOD FEBRUARY 1995 THRU' MAY 1995

PORT : VISAKHAPATNAM

IUS NO. 2507/25

SL. NO.	Vessel/Shipment No.	Location of damages	Qty. Damaged (In Units)	Nature of damages	Month Reconstitution under taken	Details of the R/C Material utilised: R/C Material	Quantity	Value Rs.	Invoice #	Attachment Reference No.	Labour & other charges	Attachment Reference No.	Total Expenses (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	MV RELIANCE/CSB-436	APSTC GODOWN	379	SLACK/TORN	FEB 95	HDPE	361	3,393.60	118/94-95	1	200.00	5	3,593.60
	MV LHOTSE					S. ROLL	1	65.00	169/16.11.94	2	0.00		65.00
2	NAVIGATOR/CSB-435	APSTC GODOWN	1093	SLACK/TORN	MAR 95	HDPE	1052	9,888.80	118/94-95	1	200.00	6	10,088.80
	MENG KIAT					S. ROLLS	2	90.00	169/16.11.94	2	0.00		90.00
3	GREEN ISLAND/CSB-299	APSTC GODOWN	6	SLACK/TORN	MAR 95	HDPE	6	56.40	118/94-95	1	0.00		56.40
4	TRADER/CSB-436	APSTC GODOWN	758	SLACK/TORN	APR 95	HDPE	727	6,833.80	118/94-95	1	200.00	7	7,033.80
	MENG KIAT					S. ROLLS	2	90.00	169/16.11.94	2	0.00		90.00
5	NAVIGATOR/CSB-436	APSTC GODOWN	245	SLACK/TORN	APR 95	HDPE	239	2,246.60	118/94-95	1	200.00	8	2,446.60
	ARKTIS PRIDE					S. ROLLS	1	65.00	169/16.11.94	2	0.00		65.00
6	GREEN ISLAND/CSB-448	APSTC GODOWN	1623	SLACK/TORN	APR 95	HDPE	1498	14,081.20	118/94-95	1	400.00	9	14,481.20
						S. ROLLS	6	180.00	169/16.11.94	2	0.00		180.00
7	GREEN ISLAND/CSB-459	APSTC GODOWN	1656	SLACK/TORN	APR 95	HDPE	1495	14,053.00	118/94-95	1	400.00	10	14,453.00
						S. ROLLS	6	180.00	169/16.11.94	2	0.00		180.00
8	GREEN ISLAND/CSB-449	APSTC GODOWN	1430	SLACK/TORN	APR 95	HDPE	836	7,850.40	118/94-95	1	600.00	11	8,450.40
						HDPE	545	5,668.00	41/94-95	3	0.00		5,668.00
						S. ROLLS	1	65.00	169/16.11.94	2	0.00		65.00
						S. ROLLS	2	100.00	044/25.04.95	4	0.00		100.00
9	GREEN ISLAND/CSB-460	APSTC GODOWN	1055	SLACK/TORN	APR 95	HDPE	1008	10,483.20	41/94-95	3	800.00	12	11,283.20
						S. ROLLS	3	150.00	044/25.04.95	4	0.00		150.00
10	SAM HOUSTON/CSB-496	APSTC GODOWN	920	SLACK/TORN	MAY 95	HDPE	877	9,120.80	41/94-95	3	0.00		9,120.80
						S. ROLLS	2	100.00	044/25.04.95	4	0.00		100.00
11	SAM HOUSTON/CSB-495	APSTC GODOWN	137	SLACK/TORN	MAY 95	HDPE	137	1,426.80	41/94-95	3	0.00		1,426.80
	GRAND TOTAL							86,133.40			3,000.00		89,133.40

DOLLAR CONVERSION = RS. 31.58

RS. 89,133.40
OR $ 2822.46

Attachment 54

TNGST. No. 157693/91-92
CODE: | 1 | 07 | 05 |

INVOICE

PRINTO PACKERS

Reg. off: 16 NALLATHAMBI ROAD. PAMMAL. MADRAS-75.

No. 118 /94-95 Date: 13-11-94

D. C. No. 119/94-95 Date: 13-11-94

P O. No. 750 Date: 05-10-94

To.
M/s. CARE ANDHRA PRADESH
CARE VISAKAPATNAM PORT OFFICE
9-23-3/1 CBM COMPOUND
OPP. TIMPHANY PRIMARY SCHOOL 'A'
VISAKAPATNAM 530 003 GATE
PHONE: 554663

S. No.	DESCRIPTION	QUANTITY (Nos)	RATE Rs	RATE P	PER	AMOUNT Rs.	AMOUNT P.
	HDPE BAGS:						
1	22" x 36" SIZE LAMINATED, CAPACITY 25KG, MESH 10x10 WITH PRINTING ON BOTH SIDES	10,000	9	40	BAG	94,000	00
	CST @ 10%					9,400	00
						103400	00
	(Rupees ONE LAKH THREE THOUSAND FOUR HUNDRED ONLY.)				TOTAL	103400	00
	E. & O. E.						

Conditions: On all delayed payments interest will be charged at the rate of 25% per annum from the date of Invoice.
Any Legal questions arising out of this supply will be subject to the jurisdiction of the Court of Madras.

For PRINTO PACKERS

Partner

Factory: 13/1, Gangappa Naidu Street, Vadapalani, Madras-600 026.

MARINE CLAIM REPORT OF DAMAGED FFP COMMODITIES UNFIT FOR INTENDED PURPOSES

A. SHIPMENT INFORMATION:

1. Shpmt. No. ____________
2. Marine Claim No. ____________
3. Net wt./unit ______ lbs.
4. Date of Loss ____________
5. Vessel/Voyage No. ____________
6. Reason for Loss/Spoilage:
7. Commodity ____________
8. Qty. in units ______
9. Total wt. ______lbs.
10. Date of Report ______
11. S/S Company ______

____
Printed name and title of person in charge where loss occurred.

____
Signature Date

B. EXAMIANATION REPORT: From physical (visual) examination of the above-described food commodities and all available documentation related thereto, it is the opinion that the commodity condition is as follows:

1. Medical: In my opinion the food commodity is fit/unfit for human consumption because:

____
Printed name and title of Medical Officer

____
Signature Date

CARE CERTIFICATE OF DESTRUCTION

Location (name or #): ________________________
Shipment #: _______________________________
Loss and Adjustment Report #: _______________
Date of Authorization to Destroy: ______________
Donor: ___________________________________

Date: ____________________________
Commodity Type: __________________
Unit (bag/carton/drum): ____________
Unit Weight: ______________________
Contract ID #: _____________________

Commodity: _________________________

Place of Destruction:____

Date of Destruction:____

Method of Destruction: ______________________________________

The unfit commodity has been destroyed in such a manner as to prevent its return for animal or human consumption.

CARE Employee Supervising Destruction:

Signature: __________________________ Designation: ________________

Govt. Representative Assisting Destruction

Signature: __________________________ Designation: ________________

Independent Witness to Destruction

Signature: __________________________ Designation: ________________

CARE program Incharge's

Signature: __________________________ Designation: ________________

***Certificate should be attached to Loss and Adjustment Report.**

Original Commodity Accountant Finance Section	**Copy 1** Food and Logistics Section	**Copy 2** Preparer of Certificate

deKEYZER & SCHÜTZ BV
insurance brokers

CERTIFICATE OF INSURANCE

BELONGING TO: Shipping no.

We, de Keyzer & Schütz B.V. Insurance Brokers, herewith certify that we have effected an insurance on the cargo, specified in the Bill of Lading:

type	:	~~Direct/Through~~/Combined Transport
no.	:	
dated	:	
issued at	:	Antwerp
shipping marks	:	ACTIONNo ________ / Wheatflour / Kenya / NGO / 93NGO006 / MANDERA VIA MOMBASA / EUROPEAN COMMUNITY / FOOD AID
nature and packing	:	3 x 20 ft containers - 1.200 bags of wheatflour, 60.000 kgs net
The insured value amounts to	:	As overleaf.

The goods mentioned in the Bill of Lading have been insured on ALL RISKS conditions as per Dutch All Risks Clause G.13., including the risks of War, Strikes, Riots and Civil Commotions as per Dutch War Clauses M.3. of the Association of Marine Underwriters in Holland on basis of an Open Cover, policy no. M.93.4200 in the name of EURONAID and/or all other parties interested in the insured cargo.

CONSIGNEES/RECEIVERS (AND/OR THEIR REPRESENTATIVES) ARE STRONGLY REQUESTED TO LIASE WITH FOLLOWING SURVEYOR WHENEVER THEY INTEND TO TAKE DELIVERY OF THE CARGO REFERRED TO IN THIS CERTIFICATE OF INSURANCE.

S.G.S. Kenya Ltd.
P.O. Box 90264
Mombasa
KENYA

Telex: 21237

Please also refer to the ADVICE TO CONSIGNEES/RECEIVERS as overleaf in order to safeguard collection of claims.

p.p. de KEYZER & SCHÜTZ B.V.

J.A. Wiercks

Not valid unless countersigned by Forwarding Agent.

Husson
Huijsman Shipping B.V.
Postbus 1060 3180 AC Rozenburg

Date:
Signature of Forwarding Agent

INSURED VALUE (C.I.F.)

	Commodity	Value in Dutch Florins per 1.000 kos.		Commodity	Value in Dutch Florins per 1.000 kos.
1.	Skimmed Milkpowder	3.800,--	11.	Dried Fish	7.200,--
2.	Full Cream Milkpowder	4.500,--	12.	Red Beans	1.750,--
3.	Butteroil	3.975,--	13.	Chickpease/Cowpease	1.470,--
4.	Vegetable Oil/Soya Oil	1.905,--	14.	Lentils	1.470,--
5.	Rice	870,--	15.	Maizeflour	725,--
6.	Oatflakes	1.425,--	16.	Maizegrits	700,--
7.	Wheatflour	860,--	17.	Mealy Meal	900,--
8.	Wheat	550,--	18.	Seeds	t.b.a.
9.	Sugar	1.460,--	19.	Millet	t.b.a.
10.	Maize	650,--			

ADVICE TO CONSIGNEES/RECEIVERS (N.G.O.)

The insurance attaches from the moment of loading the goods into the carrying vessel in loading port(s) and terminates at the time the goods are handed over to Consignees/-Receivers or their representing Forwarders or Agents at the place of final destination mentioned in the Assured's "Shipping Instructions", Direct Bill of Lading, Through Bill of Lading, Combined Transport Bill of Lading or other Carriers' Document.

In order to successfully recover a claim for loss of or damage to the goods insured under this Certificate of Insurance it is imminent that the goods should be surveyed immediately when same are received by Consignees/Receivers or their Agent(s).

From the surveyor's report will appear whether the goods insured have been lost or damaged during the period insured under this Certificate of Insurance and on basis of this the amount of lost or damaged goods will be calculated and recovered from Underwriters/Insurance Companies.

The Insurance Brokers have duly instructed the surveyor(s) mentioned on the reverse side, and Consignees/Receivers or their Agent(s) must abstain from giving a clean receipt and to the contrary must mark the receipts with the shortages/damages ascertained.

In order to have surveys carried out timely, Consignees/Receivers are hereby urgently requested to duly advise the surveyor mentioned on the reverse side, whenever they intend to take delivery of their goods.
Surveyors will forward their report(s) plus invoice for fees and expenses to the Insurance Broker (who will pay the invoice within one month after receipt of same), and after the file has been completed with relevant tally sheets/weight-lists/landingreports etc. etc., the Insurance Broker will submit a claim under the policy of insurance to Underwriters concerned.

To be sent as soon as a shipment reaches your main warehouse.
Retourner immédiatement après réception de la cargaison.
Les rogamos envien el informe en cuanto el envío llegue al almacén principal.

SHIPPING No : 93CA8027 No d'embarquement Envio N°	CEC ACTION No : 411/93 CEC No D'action N° de Accion de la CE	Wheatflour : 740 MT Farine de froment Farinna de trigo

COUNTRY OF DESTINATION: . . . . ______________________
Pays de destination
Pais de destino

NAME OF EUROPEAN NGO: . . . . ______________________
Nom de l'ONG Europeenne
Nombre de la ONG Europea

BENEFICIARY NGO: . . . . ______________________
ONG beneficiaire
ONG beneficiaria

ADDRESS: . . . . ______________________
Adresse
Direccion

PHONE/FAX/TELEX: . . . . __________ / __________ / __________
Telephone/facsimile/telex
Teléfono/fax/telex

DATE OF RECEPTION: . . . . ______________________
Date de reception
Fecha de recepcion

LOCATION OF MAIN WAREHOUSE (city): . . . . ______________________
Location de l'entrepôt (ville)
Ubicacion del almacen principal (ciudad)

PRODUCT: . . . . ______________________
Produit
Producto

QUANTITY (as per bill of lading): . . . . MT
Quantite (selon le "Bill of lading")
Cantidad (segun el comprobante de embarque)

LOSSES MARINE TRANSPORT (as per landing report): . . . . MT
Pertes transport maritime (selon le rapport de dechargement)
Perdidas sufridas durante el transporte maritimo (segun el informe de desembarco)

NET ARRIVED IN PORT (as per landing report): . . . . MT
Quantite nette arrivee au port (selon le rapport de dechargement)
Cantidad neta llegada en el puerto (segun el informe de desembarco)

LOSSES INLAND TRANSPORT *: . . . . MT
Pertes pendant le transport interieur
Perdidas sufridas durante el transporte interior

NET ARRIVED IN WAREHOUSE: . . . . MT
Marchandise nette arrivee dans l'entrepot
Cantitad neta llegada en el almacen

☐ * If there are losses, please introduce immediately your claim to the carrier, with a copy to: De Keyzer & Schutz.(insurance)
Si il y a des pertes, veuillez introduire immediatement une demande d'indemnisation au transporteur et envoyer une copie a:
Si hay perdidas, por favor presente inmediatamente su reclamacion al transportista y envie una copia a:

☐ * No insurance claim by consignee is required due to contractual terms with supplier.
Aucune demande d'indemnisation par le receptionaire n'est possible à cause des termes contractuels d'EuronAid avec fournisseur.
No se requiere solicitud de reclamacion por parte del destinatario si existen condiciones contractuales con el proveedor.

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Distribucion

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red/rouge/roja yellow jaune	: EuronAid, PO BOX 12, NL-2501 CA DEN HAAG, The Netherlands. : File consignee Archives du destinataire

True statement of facts.(printing letters only)
Je declaire que les renseignements ci-dessus sont exact (en majuscules)
Declaro que los datos arriba mencionados son correctos. (por favor, escriba en letras mayusculas)

Signed by: ______________________
Signe par
Firmado por

Place: ______________ Date ______________

CARE Philippines
PO Box 2052
Manila
ECJ Building
Real & Arzobispo Sts.
Intramuros, Manila
Phone 5278557 to 60
Fax (632) 5273853
Cable CAREPHIL Manila

JUL 24 1995

Philippines-Atlanta 6494(P6493)
18 July 1995

TO : IMELDA ZUMBRO
CARE-Atlanta

FROM : PATRICK CAREY
CARE-Philippines

SUBJECT : SL EXPRESS V-227
400 bags of Green Peas
Shipment No. F-3895-0032-525
Arrival Date: May 18, 1995
Comstock ID No.: 950025
B/L No. 707908021

CARE
PHILIPPINES

Dear Imelda:

Enclosed are the following documents ex-SL EXPRESS V-227

x 1. Claim No. MA-591615
__ 2. Claims Progress Memo No.
x 3. Survey Reports MC95SB-5/1260
x a) Ex-Ship's Tackle
__ b) Ex-Ligthers
__ c) Ex-Lash Barges
x d) Ex-Pier/Containers
__ e) During reconditioning/rebagging of damaged bags.
x 4. Forwarder's charges on reconditioning/rebagging No. 52821
x 5. Letter of Protest to Shipping Lines, CARE-File No. 17008
__ 6. FDA/MIT Certificate of Analysis No.
x 7. Copy of Bill of Lading No. 707908021
x 8. Tally Sheets
x 9. Outturn Report.
__ 10.

Best regards.

Sincerely,

Dawn Waddlow

PATRICK CAREY
Country Director

files: 104/vessel
/AVC/lgp'95

CARE INTERNACIONAL EN GUATEMALA

Guatemala April 26, 1994
CARE-GUA #11236 (11235)

TO: MAYRA GARCIA
CLAIMS DEPARTMENT
CROWLEY AMERICAN TRANSPORT

FROM: BORYS CHINCHILLA
CARE-GUATEMALA

REF: B/L CAMN-JAXS4M053534, LAKE CHARLES
VESSEL : HAWK V-139S
CONSIGNEE : CARE-GUATEMALA
PORT OF DISCHARGE: GUATEMALA CITY
DATE OF UNLOADING: MARCH 13, 1994
& TYPE OF UNITS: 1,542 DRUMS OF VEGETABLE OIL
CARE SHIPMENT No.: F-2295-0001-411
CARE CLAIM No. : MA-42-0001-0087

Gentlemen:

This is in reference to the above-named steamer on which merchandise was consigned to CARE. We wish to inform you that a loss was sustained on the above-mentioned shipment, we will hold your company responsible for losses incurred.

Will you please send us CUADRUPLICATE AND IN ENGLISH an excerpt from the vessel's OUTTURN REPORT on unloading receipt covering the shipment in question.

Sincerely Yours,

Borys Chinchilla
CARE-Guatemala
Food Unit

Departamento de Alimentos · CARE Internacional en Guatemala · Guatemala, Guatemala, C. A.

Haydee Contreras

RECIBIDO 28 ABR 1994 10:39

Crowley American Transport, Inc.

drl.
cc 115 B
1220.1.825
1120.11.0087

INTERNATIONAL
CARE

CERTIFICATION OF FEES PAID

I hereby certify that **CARE** has incurred and paid as follows in marine survey fees for the report in connection with the discharge of 330.139 M.T. of **VEGETABLE OIL** loaded on board the

ex-vessel **HAWK V-139**................................	$ 165.08
Port representative fees..............................	128.77
Communications fees..................................	5.22
Value for 19 security seals attached to each container.	26.44
	$ 325.51

Justin R. Jackson
Director

Shipment No. F-2295-0001-411
Loss Advice No. MA-42-0087
Invoice No. 3981 Rate 1 US = Q5.748

15 AVENIDA 3-66, ZONA 13, 01013 GUATEMALA, C. A. • APARTADO POSTAL 1211
TELS.: (502-2) 345625; 317833 FAX: (502-2) 318167

CENTRANS INTERNACIONAL, S. A.

"CENTRAN, S. A."
6a. AVENIDA 20-25, ZONA 10 - PLAZA MARITIMA NIVEL 8
TELEFONOS: 370134-5 - APARTADO POSTAL 1249
GUATEMALA, C. A.

3981

FACTURA No. 03981

DIA	MES	AÑO
17	MAYO	19 94

NIT: 547006-4

PATENTE DE COMERCIO 18004-7-8

CLIENTE: CARE CODIGO:112040 NIT 203012-8

DIRECCION: 15 AVENIDA 3-66 ZONA 13. TEL 317033

DESCRIPCION	PRECIO UNITARIO	TOTAL
SERVICIOS DE SUPERVISION DE DESPACHO DE 330.139 TM DE ACEITE (19) CONTENEDORES QUE ARRIBARON EN LA BARCAZA HAWK V. 139 A SANTO TOMAS DE CASTILLA		Q. 740 13
SERVICIOS DE LA SUPERVISION DE DESCARGA Y VACIADO EN LA CIUDAD DE GUATEMALA F-2295-0001-411 REPORTE N. 78110		Q. 948 88
GASTOS DE COMUNICACION		Q. 30 00
MARCHAMOS		Q. 152 00

TOTAL EN LETRAS:
DOS MIL UN CON 98/100 QUETZALES
Exento (ISR) segun decreto articulo 64 inciso D, decreto 26-92
AUTORIZADO SEGUN RESOLUCION No AD-92-135964

SUB-TOTAL	Q. 1,871 01
IVA	Q. 130 97
TOTAL	Q. 2,001 98

ORIGINAL CLIENTE (ADQUIRIENTE)

EXHIBIT A
Form LA-1 Revised 3/74

Ref.: Section 9.2
Overseas Operations Manual

- L O S S   A D V I C E -

Submit in triplicate immediately upon discovery of a loss. Complete Parts A or B and C & D. Do not use for PL 480 Interior Losses.

1. Country: Philippines
2. Country director: PATRICK CAREY (Signature)
3. Date prepared: 07/18/95
4. Claim No. : MA-591615
   Comstock ID : 950025

A. MARINE LOSS

1. Port of landing Zamboanga, Phils.
2. Date of arrival 05/18/95 (Manila)
3. Shipping agent Sealand Service, Inc.
   Vessel SL EXPRESS V-227
   Feeder SEA LEGEND V-542
4. B/L No. 707908021
5. CARE shipment No. F-3895-0032-525

B. INTERIOR LOSSES

1. Place loss Occured ____
2. Date loss Occured ____
3. If carrier, Name ____
4. CARE shipment No. ____

C. QUANTITY LOST

1. Commodity Green Peas
2. Quantity shipped per B/L
   400 bags 44,092.00 lbs.
4. Quantity received sound
   399.00 bags 43,981.77 lbs.
   (Includes overage of
   0.00 bags 0.00 lbs.)

3. Description of loss	Bags	Wt.(lbs.)	Wt.(kgs.)
Rec. Spillage (Sweepings)	0.20	22.05	10.00
Unrecovered Spillage	0.80	88.18	40.00
Total	1.00	110.23	50.00

D. DESCRIPTION OF LOSS CIRCUMSTANCES

(See attached CARE-Philippines Outturn Report.)

Also attached is xeroxed copy of NTFC Invoice No. 52821 amounting to P 239.80 representing forwarder's rebagging charges on 22.00 damaged bags ex-vessel. A Copy of CARE Check Request will follow as soon as payment is made.

Atlanta Remarks

* For disposition

INSTITUTION RECEIPT FOR DAMAGED COMMODITIES

To:	CARE MADRAS PORT OFFICE No.11, Santhome High Road Mylapore, Madras - 600 004
From:	The Asst. Director Department of Animal Husbandry Government of Tamil Nadu Saidapet, Madras - 600 035

Subject:	S & D Sl. No.	-
	Commodity	CORN SOYA BLEND
	Kilograms	1,050
	Units	21 LOCAL GUNNY BAGS
	Shipment Name	LV SAM HOUSTON (V-77)
	Shipment Number	F-2595-0050-474
	DMCR Number	-

Dear Sir,

The undersigned acknowledges receipt of 1,050 kgs (commodity) CORN SOYA BLEND on (date) 13-07-95 previously declared to be unfit for human consumption. The undersigned confirms that the said commodity will be used exclusively for animal feed.

It is agreed by the undersigned that CARE will have access to the records of this institution related to CARE donation and utilization thereof for periodic check.

Signature

Designation VETERINARY ASST. SURGEON
PIGGERY UNIT

Date SAIDAPET, MADRAS - 35.

Distribution:

1. CARE-
2. Recipient

CARE

INDIA

EXHIBIT C

CLAIM PROGRESS MEMO

Submit in quadruplicate immediately whenever an event affects a FFP marine claim previously submitted.

CLAIM PROGRESS MEMO NO. 343 ______ Claim No. MA-66-2997 ____

Country : INDIA KARNATAKA ____ Shipment No. F-2595-0050-474

Commodity : CORN SOY BLEND ______ Vessel/ Voyage No. LV SAM HOUSTON/ (V-77) ______

Auth.Signature : ______ Date JULY 19, 1995

A. MONEY RECEIVED : (Report once only) Local Currency CNY USEONLY

1. For sale of salvage ______ ______
2. From party responsible for loss ______ ______
3. Above funds received via RM No. ______ ______
4. Check: full settlement ( ) partial ( )

B. RECONSTITUTED MATERIAL :

1. Units returned to inventory ______
2. Net Kgs./unit ______
3. Total net Kgs.returned to inventory ______

C. CANCELLATION OF PREVIOUSLY REPORTED LOSS :

1. Units returned to inventory ______
2. Net Kgs./unit ______
3. Total net Kgs.returned to inventory ______

D. REMARKS AMD EXPLANATIONS :

Reference : Please refer Item III-D of attachment to LA-MA-2997.

Enclosed please find the Donee Receipt for 21 local gunny bags (1,050 kgs) of sweepings.

Necessary credit for the donation may please be given to the carrier.

Reflected in B-1 Report dated ______

COMMODITY STATUS REPORT

J. Receipts

	Name of Vessel	Discharged Date	Commodity		Quantity Net M/T	Call Forward ID No. (2)
	TOTAL B/L QUANTITIES DURING THIS QUARTER:					
A)	Stonewall Jackson v-75 (Assa	Dec'94	Sourghum		3,018.85 MT	5040-001
	Stonewall Jackson v-75 (Dji)	Dec'94	Sourghum		3,491.95 MT	5040-002
					6,510.80 MT	
	TOTAL GRAIN :				6,510.80	
B)	S.W. Jackson (Assab)	Sept.94	Lentils	*	2.83 MT	T/A #663-4677-03
					2.83 MT	
C)	Sam - Houston (Assab)	Dec'94	CSB		662.93 MT	T/A #663-467" 13
	Robert E. Lee (Assab)	Dec'94	CSB		158.00 MT	
					820.93 MT	
D)	Sam - Houston (Assab)= (Mont	Dec'94	Veg. Oil		1,800.00 MT	4223-001
					1,800.00 MT	

* Exess receipt from port.

M

COMMODITY STATUS REPORT

Receipts

	Name of Vessel	Discharged Date	Commodity	Quantity Net M/T	Call Forward ID No. (2)
	Quantity Received at CARE - Warehouse.				
A)	Stonewall Jackson v-75 (Assa	Dec'94	Sourghum	1,249.60 MT	5040-001
	Stonewall Jackson v-75 (Dji)	Dec'94	Sourghum	219.80 MT	5040-002
	American Heritage (Dji)	August'94	Sourghum	481.85 MT	T/A # 663-4677-03
				1,951.25 MT	
	Commodity Borrowed from CRS		Wheat	1,400.00	
	TOTAL GRAIN :			3,351.25	
B)	S.W. Jackson (Assab)	Sept.94	Lentils	929.98 MT	T/A #663-4677-03
				929.98 MT	
C)	Sam - Houston (Assab)	Dec'94	CSB	659.43 MT	T/A #663-4677-03
	Robert E. Lee (Assab)	Dec'94	CSB	146.70 MT	
				806.13 MT	
D)	Sam - Houston (Assab)= (Mont	Dec'94	Veg. Oil	1,781.05 MT	4223-001
	Stonewall Jackson (Dji)	Sept'94	Veg. Oil	147.694 MT	T/A # 663-4677-03
	Stonewall Jackson (Assab)	Sept'94	Veg. Oil	245.11 MT	T/A # 663-4677-03
	Stonewall Jackson (Assab)	Sept'94	Veg. Oil	172.49 MT	T/A # 663-4677-03
				2,346.34 MT	

PORT BALANCE

B)	American Heritage (Assab)	August'94	Sourghum	346.93 MT	T/A # 663-4677-03 (1)
				346.93	
C)	D.S. Pioneer (Dji)	July'94	Lentils	(1) 15.00 MT	T/A # 663-4677-02 (1)
D)	Carebean Express	May'94	CSB	(1) 12.77 MT	T/A #663-4677-01 (1)
	Sam - Houston (Assab)	Dec'94	CSB	(1) 3.50 MT	T/A #663-4677-03 (1)
	Robert E. Lee (Assab)	Dec'94	CSB	(1) 11.30 MT	T/A #663-4677-03 (1)
				27.57	

* (1) PORT LOSSES AWAITING THE PORT REPORT.

TOTAL RECEIPTS.

(2) THE CALL FORWARD ID NUMBER is the four digit CCC Number which appears both on the Call Forward forms and on the B/L.

USAID : FFP:4/90

G. MONTHLY RECEIPTS

NAME OF VESSEL	DISCHARGE DATE	COMMODITY	QUANTITY	CALL FORWARD IDENTIFICATION No. (1/)
JOHN LYKES	12.03.93	VEGETABLE OIL	9.99	009F04011
JOHN LYKES	12.03.93	WHEAT FLOUR	30.00	009F01001
JOHN LYKES	12.03.93	RICE	70.00	009F04003
JOHN LYKES	12.03.93	LENTILS	29.00	009F04005
JOHN LYKES	23.01.93	WHEAT FLOUR	45.00	009F04000
JOHN LYKES	23.01.93	RICE	120.00	009F04002
JOHN LYKES	23.01.93	VEGETABLE OIL	12.00	009F04010
JOHN LYKES	18.01.93	BEANS	249.10	009F04027
JOHN LYKES	18.01.93	LENTILS	55.00	009F04009
JOHN LYKES	18.01.93	LENTILS	70.00	009F04004
JOHN LYKES	18.01.93	VEGETABLE OIL	13.88	009F04007
JOHN LYKES	18.01.93	RICE	140.00	009F04008
JOHN LYKES	18.01.93	WHEAT FLOUR	54.60	009F04006
JOHN LYKES	18.01.93	BEANS	60.00	009F04028
JOHN LYKES	23.01.93	LENTILS	45.00	009F03999
PEARLE JAHN	09.01.93	WHEAT FLOUR	46.85	01
PEARLE JAHN	09.01.93	LENTEJAS	89.85	02
PEARLE JAHN	09.01.93	CORN MEAL	36.00	04
PEARLE JAHN	09.01.93	BEANS	44.85	03
PEARLE JAHN	18.01.93	CORN MEAL	144.38	01
PEARLE JAHN	03.01.93	WHEAT FLOUR	55.05	03
PEARLE JAHN	03.01.93	LENTILS	449.35	04
PEARLE JAHN	03.01.93	CORN MEAL	369.75	05
PEARLE JAHN	03.01.93	BEANS	466.10	01
PEARLE JAHN	03.01.93	BEANS	45.00	02
			2,750.75	